

**SECOND DAY**

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AFTERNOON SESSION

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Senate Chamber, Olympia, Thursday, June 13, 2013

The Senate was called to order at 1:30 p.m. by President Owen. The Secretary called the roll and announced to the President that all Senators were present with the exception of Senator Hobbs.

The Sergeant at Arms Color Guard consisting of Senate Staff Kim Cusick and Kevin Black, presented the Colors. Senator Shin offered the prayer.

MOTION

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

MOTION

At 1:37 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

EVENING SESSION

The Senate was called to order at 10:23 p.m. by the President Pro Tempore, Senator Tim Sheldon presiding.

MOTION

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

MESSAGE FROM THE HOUSE

June 13, 2013

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

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and thereupon did sign in open session:

HOUSE CONCURRENT RESOLUTION NO. 4410.

MESSAGE FROM THE HOUSE

June 13, 2013

MR. PRESIDENT:

The House has passed:

ENGROSSED HOUSE BILL NO. 2075,  
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MOTION

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

INTRODUCTION AND FIRST READING OF HOUSE BILLS

EHB 2075 by Representatives Carlyle and Roberts

AN ACT Relating to preserving funding deposited into the education legacy trust account used to support common schools and access to higher education by restoring the application of the Washington estate and transfer tax to certain property transfers while modifying the estate and transfer tax to provide tax relief for certain estates; amending RCW 83.100.020, 83.100.040, 83.100.047, 83.100.047, 83.100.120, and 83.100.210; adding a new section to chapter 83.100 RCW; creating new sections; providing an effective date; providing an expiration date; and declaring an emergency.

MOTION

On motion of Senator Fain, under suspension of the rules Engrossed House Bill No. 2075 was placed on the second reading calendar.

MOTION

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

SECOND READING

SENATE BILL NO. 5946, by Senators Dammeier and Frockt

Strengthening student educational outcomes.

MOTION

On motion of Senator Dammeier, Substitute Senate Bill No. 5946 was substituted for Senate Bill No. 5946 and the substitute bill was placed on the second reading and read the second time.

MOTION

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

Strike everything after the enacting clause and insert the following:

**"PART I**

**LEARNING TO READ, READING TO LEARN**

NEW SECTION. Sec. 101. A new section is added to chapter 28A.300 RCW to read as follows:

In support of reading and early literacy, the office of the superintendent of public instruction is responsible for:

(1) Continuing to work collaboratively with state and regional partners such as the department of early learning and the educational service districts to establish early literacy benchmarks and standards and to implement the Washington state comprehensive literacy plan;

(2) Disseminating research and information to school districts about evidence-based programs and practices in reading readiness skills, early literacy, and reading instruction;

(3) Providing statewide models to support school districts that are implementing response to intervention initiatives, positive behavior intervention support systems, or other similar comprehensive models of data-based identification and early intervention; and

(4) Within available funds and in partnership with the educational service districts, providing technical assistance and professional development opportunities for school districts.

**NEW SECTION. Sec. 102.** A new section is added to chapter 28A.320 RCW to read as follows:

School districts are responsible for providing a comprehensive system of instruction and services in reading and early literacy to kindergarten through fourth grade students that is based on the degree of student need for additional support. Reading and early literacy systems provided by school districts must include:

(1) Annual use of screening assessments and other tools to identify at-risk readers in kindergarten through fourth grade, such as the Washington kindergarten inventory of developing skills, the Washington state early learning and development guidelines for birth through third grade, the second grade reading assessment under RCW 28A.300.310, and locally used assessments and other tools; and

(2) Research-based family involvement and engagement strategies, including strategies to help families and guardians assist in improving students' reading and early literacy skills at home.

**NEW SECTION. Sec. 103.** A new section is added to chapter 28A.415 RCW to read as follows:

(1) High-quality professional development is essential for educators to keep abreast of the important advances in research that are occurring regarding instructional strategies and curriculum. Professional development in early literacy is especially important to support the instruction of young readers since reading proficiency is a crucial element for student academic success.

(2) Subject to funds appropriated for this specific purpose, the office of the superintendent of public instruction shall create partnerships with the educational service districts and public or private institutions of higher education with approved educator preparation programs to develop and deliver research-based professional development learning opportunities in reading instruction and early literacy for teachers of kindergarten through fourth grade students.

**NEW SECTION. Sec. 104.** A new section is added to chapter 28A.320 RCW to read as follows:

(1) Each school district shall require that report cards for students in kindergarten through fourth grade include information regarding how the student is progressing on acquiring reading skills and whether the student is at grade level in reading.

(2) If a student is not reading at or above grade level, the teacher, with the support of other school personnel as appropriate, must explain to the parent or guardian which interventions and strategies will be used to help improve the student's reading skills and must provide strategies for parents or guardians to assist with improving the student's reading skills at home.

(3) Each school shall report to the school district the number of students in grades kindergarten through four who are reading below grade level and the interventions that are being provided to improve the reading skills of the students, with the information disaggregated by subgroups of students. The school district shall aggregate the reports from the schools and provide the reports to the office of the superintendent of public instruction. The office of the superintendent of public instruction shall submit a statewide report annually to the education committees of the legislature and the

educational opportunity gap oversight and accountability committee.

**NEW SECTION. Sec. 105.** A new section is added to chapter 28A.655 RCW to read as follows:

(1) The definitions in this subsection apply throughout this section and section 106 of this act unless the context clearly requires otherwise.

(a) "Basic" means a score on the statewide student assessment at a level two in a four-level scoring system.

(b) "Below basic" means a score on the statewide student assessment at a level one in a four-level scoring system.

(c) "Not meet the state standard" means a score on the statewide student assessment at either a level one or a level two in a four-level scoring system.

(2) Beginning in the 2014-15 school year, for any student who receives a score of below basic on the third grade statewide student assessment in English language arts, a meeting must be scheduled before the end of the school year between the student's parent or guardian, teacher, and the principal of the school the student attends or the principal's designee to discuss appropriate grade placement and recommended intensive strategies to improve the student's reading skills. For students to be placed in fourth grade, the strategies discussed must include an intensive improvement strategy provided, supported, or contracted by the school district that includes a summer program or other option identified by the parents, teacher, principal, or principal's designee as appropriately meeting the student's need to prepare for fourth grade. The parents or guardians must be fully informed about the strategies and the parent's or guardian's consent must be obtained regarding the appropriate grade placement and the intensive improvement strategy to be implemented. The school district must implement the strategy selected in consultation with the student's parents or guardians.

(3) If a student does not have a score in English language arts on the third grade statewide student assessment but the district determines, using district or classroom-based diagnostic assessments or another standardized assessment, that the student's performance is equivalent to below basic in English language arts, the policy in subsection (2) of this section applies.

(4) Students participating in the transitional bilingual instruction program are exempt from the policy in subsection (2) of this section, unless the student has participated in the transitional bilingual instruction program for three school years and receives a score of below basic on the third grade statewide student assessment in English language arts.

(5) Students with disabilities whose individualized education program includes specially designed instruction in reading or English language arts are exempt from subsections (2), (3), and (4) of this section. Communication and consultation with parents or guardians of such students shall occur through the individualized education program process required under chapter 28A.155 RCW and associated administrative rules.

**NEW SECTION. Sec. 106.** A new section is added to chapter 28A.655 RCW to read as follows:

(1)(a) Beginning in the 2015-16 school year, except as otherwise provided in this subsection (1), for any student who received a score of basic or below basic on the third grade statewide student assessment in English language arts in the previous school year, the school district must implement an intensive reading and literacy improvement strategy from a state menu of best practices established in accordance with subsection (3) of this section or an alternative strategy in accordance with subsection (4) of this section.

(b) Reading and literacy improvement strategies for students with disabilities whose individualized education program includes specially designed instruction in reading or English language arts shall be as provided in the individualized education program.

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(2)(a) Also beginning in the 2015-16 school year, in any school where more than forty percent of the tested students received a score of basic or below basic on the third grade statewide student assessment in English language arts in the previous school year, as calculated under this subsection (2), the school district must implement an intensive reading and literacy improvement strategy from a state menu of best practices established in accordance with subsection (3) of this section or an alternative strategy in accordance with subsection (4) of this section for all students in grades kindergarten through four at the school.

(b) For the purposes of this subsection (2), the office of the superintendent of public instruction shall exclude the following from the calculation of a school's percentage of tested students receiving a score of basic or below basic on the third grade statewide student assessment:

(i) Students enrolled in the transitional bilingual instruction program unless the student has participated in the transitional bilingual instruction program for three school years;

(ii) Students with disabilities whose individualized education program specifies a different standard to measure reading performance than is required for the statewide student assessment; and

(iii) Schools with fewer than ten students in third grade.

(3) The office of the superintendent of public instruction shall convene a panel of experts to develop a state menu of best practices and strategies for intensive reading and literacy improvement designed to assist struggling students in reaching grade level in reading by the end of fourth grade. The state menu must also include best practices and strategies to improve the reading and literacy of students who are English language learners and for system improvements that schools and school districts can implement to improve reading instruction for all students. The office of the superintendent of public instruction shall publish the state menu by July 1, 2014, and update the state menu by each July 1st thereafter.

(4) School districts may use an alternative practice or strategy that is not on a state menu developed under subsection (3) of this section for two school years initially. If the district is able to demonstrate improved outcomes for participating students over the previous two school years at a level commensurate with the best practices and strategies on the state menu, the office of the superintendent of public instruction must approve use of the alternative practice or strategy by the district for one additional school year. Subsequent annual approval by the superintendent of public instruction to use the alternative practice or strategy is dependent on the district continuing to demonstrate an increase in improved outcomes for participating students.

## PART II

### REQUIRING THE LEARNING ASSISTANCE PROGRAM TO BE EVIDENCE-BASED

**Sec. 201.** RCW 28A.165.005 and 2009 c 548 s 701 are each amended to read as follows:

(1) This chapter is designed to: ~~((4))~~ (a) Promote the use of ~~((assessment))~~ data when developing programs to assist underachieving students and reduce disruptive behaviors in the classroom; and ~~((2))~~ (b) guide school districts in providing the most effective and efficient practices when implementing supplemental instruction and services to assist underachieving students and reduce disruptive behaviors in the classroom.

(2) School districts implementing a learning assistance program shall focus first on addressing the needs of students in grades kindergarten through four who are deficient in reading or reading readiness skills to improve reading literacy.

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**Sec. 202.** RCW 28A.165.015 and 2009 c 548 s 702 are each amended to read as follows:

Unless the context clearly indicates otherwise the definitions in this section apply throughout this chapter.

(1) ("Approved program" means a program submitted to and approved by the office of the superintendent of public instruction and conducted pursuant to the plan that addresses the required elements as provided for in this chapter.

(2)) "Basic skills areas" means reading, writing, and mathematics as well as readiness associated with these skills.

~~((3))~~ (2) "Participating student" means a student in kindergarten through grade twelve who scores below standard for his or her grade level using multiple measures of performance, including on the statewide student assessments or other assessments and performance measurement tools administered by the school or district and who is identified ~~((in))~~ by the ~~((approved plan))~~ district to receive services.

~~((4))~~ (3) "Statewide student assessments" means one or more of the ~~((several basic skills assessments administered as part of the state's student assessment system, and assessments in the basic skills areas))~~ assessments administered by ~~((local))~~ school districts as required under RCW 28A.655.070.

~~((5))~~ (4) "Underachieving students" means students with the greatest academic deficits in basic skills as identified by ~~((the))~~ statewide, school, or district assessments or other performance measurement tools.

**Sec. 203.** RCW 28A.165.035 and 2008 c 321 s 4 are each amended to read as follows:

(1) Beginning in the 2015-16 school year, expenditure of funds from the learning assistance program must be consistent with the provisions of section 106 of this act.

(2) Use of best practices that have been demonstrated through research to be associated with increased student achievement magnifies the opportunities for student success. To the extent they are included as a best practice or strategy in one of the state menus or an approved alternative under this section or section 106 of this act, the following are services and activities that may be supported by the learning assistance program:

~~((1))~~ (a) Extended learning time opportunities occurring:

~~((a))~~ (i) Before or after the regular school day;

~~((b))~~ (ii) On Saturday; and

~~((c))~~ (iii) Beyond the regular school year;

~~((2))~~ (b) Services under RCW 28A.320.190;

~~((3))~~ (c) Professional development for certificated and classified staff that focuses on:

~~((a))~~ (i) The needs of a diverse student population;

~~((b))~~ (ii) Specific literacy and mathematics content and instructional strategies; and

~~((c))~~ (iii) The use of student work to guide effective instruction and appropriate assistance;

~~((4))~~ (d) Consultant teachers to assist in implementing effective instructional practices by teachers serving participating students;

~~((5))~~ (e) Tutoring support for participating students; and

~~((6))~~ (f) Outreach activities and support for parents of participating students, including employing parent and family engagement coordinators.

(3) In addition to the state menu developed under section 106 of this act, the office of the superintendent of public instruction shall convene a panel of experts including the Washington state institute for public policy, to develop additional state menus of best practices and strategies for use in the learning assistance program to assist struggling students at all grade levels in English language arts and mathematics and reduce disruptive behaviors in the classroom. The office of the superintendent of public instruction shall publish

the state menus by July 1, 2015, and update the state menus by each July 1st thereafter.

(4)(a) Beginning in the 2016-17 school year, except as provided in (b) of this subsection, school districts must use a practice or strategy that is on a state menu developed under subsection (3) of this section or section 106 of this act.

(b) Beginning in the 2016-17 school year, school districts may use a practice or strategy that is not on a state menu developed under subsection (3) of this section for two school years initially. If the district is able to demonstrate improved outcomes for participating students over the previous two school years at a level commensurate with the best practices and strategies on the state menu, the office of the superintendent of public instruction shall approve use of the alternative practice or strategy by the district for one additional school year. Subsequent annual approval by the superintendent of public instruction to use the alternative practice or strategy is dependent on the district continuing to demonstrate increased improved outcomes for participating students.

(5) School districts are encouraged to implement best practices and strategies from the state menus developed under this section and section 106 of this act before the use is required.

**NEW SECTION. Sec. 204.** A new section is added to chapter 28A.165 RCW to read as follows:

(1) Beginning with the 2014-15 school year, school districts shall record in the statewide individual student data system annual entrance and exit performance data for each student participating in the learning assistance program according to specifications established by the office of the superintendent of public instruction.

(2) By August 1, 2014, and each August 1st thereafter, school districts shall report to the office of the superintendent of public instruction, using a common format prepared by the office:

(a) The amount of academic growth gained by students participating in the learning assistance program;

(b) The number of students who gain at least one year of academic growth; and

(c) The specific practices, activities, and programs used by each school building that received learning assistance program funding.

(3) The office of the superintendent of public instruction shall compile the school district data and report annual and longitudinal gains for the specific practices, activities, and programs used by the school districts to show which are the most effective. The data must be disaggregated by student subgroups.

**Sec. 205.** RCW 28A.165.055 and 2009 c 548 s 703 are each amended to read as follows:

((Each school district with an approved program is eligible for state funds provided for the learning assistance program.)) The funds for the learning assistance program shall be appropriated ((for the learning assistance program)) in accordance with RCW 28A.150.260 and the omnibus appropriations act. The distribution formula is for school district allocation purposes only, but funds appropriated for the learning assistance program must be expended for the purposes of RCW 28A.165.005 through 28A.165.065 and section 106 of this act.

**Sec. 206.** RCW 28A.165.065 and 2004 c 20 s 7 are each amended to read as follows:

To ensure that school districts are meeting the requirements of ~~((an approved program))~~ this chapter, the superintendent of public instruction shall monitor ~~((such))~~ learning assistance programs no less than once every four years. ~~((Individual student records shall be maintained at the school district.))~~ The primary purpose of program monitoring is to evaluate the effectiveness of a district's allocation and expenditure of resources and monitor school district fidelity in implementing best practices. The office of the superintendent of public instruction may provide technical assistance to school districts to improve the effectiveness of a learning assistance program.

### PART III STUDENT DISCIPLINE

**NEW SECTION. Sec. 301.** A new section is added to chapter 28A.600 RCW to read as follows:

(1) The office of the superintendent of public instruction shall convene a discipline task force to develop standard definitions for causes of student disciplinary actions taken at the discretion of the school district. The task force must also develop data collection standards for disciplinary actions that are discretionary and for disciplinary actions that result in the exclusion of a student from school. The data collection standards must include data about education services provided while a student is subject to a disciplinary action, the status of petitions for readmission to the school district when a student has been excluded from school, credit retrieval during a period of exclusion, and school dropout as a result of disciplinary action.

(2) The discipline task force shall include representatives from the K-12 data governance group, the educational opportunity gap oversight and accountability committee, the state ethnic commissions, the governor's office of Indian affairs, the office of the education ombudsman, school districts, and other education and advocacy organizations.

(3) The office of the superintendent of public instruction and the K-12 data governance group shall revise the statewide student data system to incorporate the student discipline data collection standards recommended by the discipline task force, and begin collecting data based on the revised standards in the 2015-16 school year.

**Sec. 302.** RCW 28A.600.015 and 2006 c 263 s 701 are each amended to read as follows:

(1) The superintendent of public instruction shall adopt and distribute to all school districts lawful and reasonable rules prescribing the substantive and procedural due process guarantees of pupils in the common schools. Such rules shall authorize a school district to use informal due process procedures in connection with the short-term suspension of students to the extent constitutionally permissible: **PROVIDED**, That the superintendent of public instruction deems the interest of students to be adequately protected. When a student suspension or expulsion is appealed, the rules shall authorize a school district to impose the suspension or expulsion temporarily after an initial hearing for no more than ten consecutive school days or until the appeal is decided, whichever is earlier. Any days that the student is temporarily suspended or expelled before the appeal is decided shall be applied to the term of the student suspension or expulsion and shall not limit or extend the term of the student suspension or expulsion. An expulsion or suspension of a student may not be for an indefinite period of time.

(2) Short-term suspension procedures may be used for suspensions of students up to and including, ten consecutive school days.

(3) Emergency expulsions must end or be converted to another form of corrective action within ten school days from the date of the emergency removal from school. Notice and due process rights must be provided when an emergency expulsion is converted to another form of corrective action.

**Sec. 303.** RCW 28A.600.020 and 2006 c 263 s 706 are each amended to read as follows:

(1) The rules adopted pursuant to RCW 28A.600.010 shall be interpreted to ensure that the optimum learning atmosphere of the classroom is maintained, and that the highest consideration is given to the judgment of qualified certificated educators regarding conditions necessary to maintain the optimum learning atmosphere.

(2) Any student who creates a disruption of the educational process in violation of the building disciplinary standards while under a teacher's immediate supervision may be excluded by the

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teacher from his or her individual classroom and instructional or activity area for all or any portion of the balance of the school day, or up to the following two days, or until the principal or designee and teacher have conferred, whichever occurs first. Except in emergency circumstances, the teacher first must attempt one or more alternative forms of corrective action. In no event without the consent of the teacher may an excluded student return to the class during the balance of that class or activity period or up to the following two days, or until the principal or his or her designee and the teacher have conferred.

(3) In order to preserve a beneficial learning environment for all students and to maintain good order and discipline in each classroom, every school district board of directors shall provide that written procedures are developed for administering discipline at each school within the district. Such procedures shall be developed with the participation of parents and the community, and shall provide that the teacher, principal or designee, and other authorities designated by the board of directors, make every reasonable attempt to involve the parent or guardian and the student in the resolution of student discipline problems. Such procedures shall provide that students may be excluded from their individual classes or activities for periods of time in excess of that provided in subsection (2) of this section if such students have repeatedly disrupted the learning of other students. The procedures must be consistent with the rules of the superintendent of public instruction and must provide for early involvement of parents in attempts to improve the student's behavior.

(4) The procedures shall assure, pursuant to RCW 28A.400.110, that all staff work cooperatively toward consistent enforcement of proper student behavior throughout each school as well as within each classroom.

(5)(a) A principal shall consider imposing long-term suspension or expulsion as a sanction when deciding the appropriate disciplinary action for a student who, after July 27, 1997:

((a)) (i) Engages in two or more violations within a three-year period of RCW 9A.46.120, 28A.320.135, 28A.600.455, 28A.600.460, 28A.635.020, 28A.600.020, 28A.635.060, 9A.41.280, or 28A.320.140; or

((b)) (ii) Engages in one or more of the offenses listed in RCW 13.04.155.

(b) The principal shall communicate the disciplinary action taken by the principal to the school personnel who referred the student to the principal for disciplinary action.

(6) Any corrective action involving a suspension or expulsion from school for more than ten days must have an end date of not more than one calendar year from the time of corrective action. Districts shall make reasonable efforts to assist students and parents in returning to an educational setting prior to and no later than the end date of the corrective action. Where warranted based on public health or safety, a school may petition the superintendent of the school district or the superintendent's designee, pursuant to policies and procedures adopted by the school district board of directors outlining the limited circumstances in which a school may petition to exceed the one calendar year limitation, including safeguards to ensure that the school district has made every effort to plan for the student's return to school.

(7) Nothing in this section prevents a public school district, educational service district, the Washington state center for childhood deafness and hearing loss, or the state school for the blind if it has suspended or expelled a student from the student's regular school setting from providing educational services to the student in an alternative setting or modifying the suspension or expulsion on a case-by-case basis.

**Sec. 304.** RCW 28A.600.410 and 1992 c 155 s 1 are each amended to read as follows:

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The state of Washington excludes tens of thousands of students from school each year due to out-of-school suspensions and expulsions. Out-of-school suspensions and expulsions contribute to poor academic achievement, lower graduation rates, and higher dropout rates. It is the intent of the legislature to minimize the use of out-of-school suspension and expulsion and its impact on student achievement by reducing the number of days that students are excluded from school due to disciplinary action. Student behavior should not result in the loss of educational opportunity in the public school system.

School districts are encouraged to find alternatives to suspension including reducing the length of a student's suspension conditioned by the commencement of counseling or other treatment services. Consistent with current law, the conditioning of a student's suspension does not obligate the school district to pay for the counseling or other treatment services except for those stipulated and agreed to by the district at the inception of the suspension.

**Sec. 305.** RCW 28A.600.460 and 1997 c 266 s 9 are each amended to read as follows:

(1) School district boards of directors shall adopt policies that restore discipline to the classroom. Such policies must provide for at least the following: Allowing each teacher to take disciplinary action to correct a student who disrupts normal classroom activities, abuses or insults a teacher as prohibited by RCW 28A.635.010, willfully disobeys a teacher, uses abusive or foul language directed at a school district employee, school volunteer, or another student, violates school rules, or who interferes with an orderly education process. Disciplinary action may include but is not limited to: Oral or written reprimands; written notification to parents of disruptive behavior, a copy of which must be provided to the principal.

(2) A student committing an offense under chapter 9A.36, 9A.40, 9A.46, or 9A.48 RCW when the activity is directed toward the teacher, shall not be assigned to that teacher's classroom for the duration of the student's attendance at that school or any other school where the teacher is assigned.

(3) A student who commits an offense under chapter 9A.36, 9A.40, 9A.46, or 9A.48 RCW, when directed toward another student, may be removed from the classroom of the victim for the duration of the student's attendance at that school or any other school where the victim is enrolled. A student who commits an offense under one of the chapters enumerated in this section against a student or another school employee, may be expelled or suspended.

(4) Nothing in this section is intended to limit the authority of a school under existing law and rules to expel or suspend a student for misconduct or criminal behavior.

(5) All school districts must collect data on disciplinary actions taken in each school and must record these actions using the statewide student data system, based on the data collection standards established by the office of the superintendent of public instruction and the K-12 data governance group. The information shall be made available to the public (~~upon request. This collection of~~), but public release of the data shall not include personally identifiable information including, but not limited to, a student's social security number, name, or address.

**Sec. 306.** RCW 28A.300.046 and 2011 c 288 s 10 are each amended to read as follows:

(1)(a) The superintendent of public instruction shall adopt rules establishing a standard definition of student absence from school. In adopting the definition, the superintendent shall review current practices in Washington school districts, definitions used in other states, and any national standards or definitions used by the national center for education statistics or other national groups. The

superintendent shall also consult with the building bridges work group established under RCW 28A.175.075.

(b) Using the definition of student absence adopted under this section, the superintendent shall establish an indicator for measuring student attendance in high schools for purposes of the PASS program under RCW 28A.175.130.

(2)(a) The K-12 data governance group under RCW 28A.300.507 shall establish the parameters and an implementation schedule for statewide collection through the comprehensive education and data research system of: (i) Student attendance data using the definitions of student absence adopted under this section; and (ii) student discipline data with a focus on suspensions and expulsions from school.

(b) ~~(At a minimum,)~~ Student suspension and expulsion data collected for the purposes of this subsection (2) must be:

(i) Made publicly available and easily accessible on the superintendent of public instruction's web site; and

(ii) Disaggregated and cross-tabulated as established under RCW 28A.300.042.

(c) School districts must collect and submit student attendance data and student discipline data for high school students through the comprehensive education and data research system for purposes of the PASS program under RCW 28A.175.130 beginning in the 2012-13 school year.

**Sec. 307.** RCW 28A.300.042 and 2009 c 468 s 4 are each amended to read as follows:

(1) All student data-related reports required of the superintendent of public instruction in this title must be disaggregated by at least the following subgroups of students: White, Black, Hispanic, American Indian/Alaskan Native, Asian, Pacific Islander/Hawaiian Native, low income, transitional bilingual, migrant, special education, and students covered by section 504 of the federal rehabilitation act of 1973, as amended (29 U.S.C. Sec. 794).

(2) All student data-related reports required of the superintendent of public instruction regarding student suspensions and expulsions as required in RCW 28A.300.046 are subject to disaggregation by subgroups including:

(a) Gender;

(b) Foster care;

(c) Homeless, if known;

(d) School district;

(e) School;

(f) Grade level;

(g) Behavior infraction code, including:

(i) Bullying;

(ii) Tobacco;

(iii) Alcohol;

(iv) Illicit drug;

(v) Fighting without major injury;

(vi) Violence without major injury;

(vii) Violence with major injury;

(viii) Possession of a weapon; and

(ix) Other behavior resulting from a short-term or long-term suspension, expulsion, or interim alternative education setting intervention;

(h) Intervention applied, including:

(i) Short-term suspension;

(ii) Long-term suspension;

(iii) Emergency expulsion;

(iv) Expulsion;

(v) Interim alternative education settings;

(vi) No intervention applied; and

(vii) Other intervention applied that is not described in this subsection (2)(h);

(i) Number of days a student is suspended or expelled, to be counted in half or full days; and

(j) Any other categories added at a future date by the data governance group.

(3) All student data-related reports required of the superintendent of public instruction regarding student suspensions and expulsions as required in RCW 28A.300.046 are subject to cross-tabulation at a minimum by the following:

(a) School and district;

(b) Race, low income, special education, transitional bilingual, migrant, foster care, homeless, students covered by section 504 of the federal rehabilitation act of 1973, as amended (29 U.S.C. Sec. 794), and categories to be added in the future;

(c) Behavior infraction code; and

(d) Intervention applied.

**NEW SECTION. Sec. 308.** A new section is added to chapter 28A.600 RCW to read as follows:

(1) School districts should make efforts to have suspended or expelled students return to an educational setting as soon as possible. School districts should convene a meeting with the student and the student's parents or guardians within twenty days of the student's long-term suspension or expulsion, but no later than five days before the student's enrollment, to discuss a plan to reengage the student in a school program.

(2) In developing a reengagement plan, school districts should consider shortening the length of time that the student is suspended or expelled, other forms of corrective action, and supportive interventions that aid in the student's academic success and keep the student engaged and on track to graduate. School districts must create a reengagement plan tailored to the student's individual circumstances, including consideration of the incident that led to the student's long-term suspension or expulsion. The plan should aid the student in taking the necessary steps to remedy the situation that led to the student's suspension or expulsion.

(3) Any reengagement meetings conducted by the school district involving the suspended or expelled student and his or her parents or guardians are not intended to replace a petition for readmission.

**NEW SECTION. Sec. 309.** Nothing in chapter . . . , Laws of 2013 2nd sp. sess. (this act) prevents a public school district, law enforcement agencies, or law enforcement personnel from enforcing laws protecting health and human safety.

#### **PART IV EDUCATOR SUPPORT PROGRAM**

**NEW SECTION. Sec. 401.** A new section is added to chapter 28A.415 RCW to read as follows:

(1) The educator support program is established to provide professional development and mentor support for beginning educators and educators on probation under RCW 28A.405.100, to be composed of the beginning educator support team for beginning educators and continuous improvement coaching for educators on probation, as provided in this section.

(2)(a) Subject to funds appropriated for this specific purpose, the office of the superintendent of public instruction shall allocate funds for the beginning educator support team on a competitive basis to individual school districts or consortia of districts. School districts are encouraged to include educational service districts in creating regional consortia. In allocating funds, the office of the superintendent of public instruction shall give priority to school districts with low-performing schools identified under RCW 28A.657.020 as being challenged schools in need of improvement. A portion of the appropriated funds may be used for program coordination and provision of statewide or regional professional development through the office of the superintendent of public instruction.

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(b) A beginning educator support team must include the following components:

(i) A paid orientation or individualized assistance before the start of the school year for beginning educators;

(ii) Assignment of a trained and qualified mentor for the first three years for beginning educators, with intensive support in the first year and decreasing support over the following years depending on the needs of the beginning educator;

(iii) Professional development for beginning educators that is designed to meet their unique needs for supplemental training and skill development;

(iv) Professional development for mentors;

(v) Release time for mentors and their designated educators to work together, as well as time for educators to observe accomplished peers; and

(vi) A program evaluation using a standard evaluation tool provided from the office of the superintendent of public instruction that measures increased knowledge, skills, and positive impact on student learning for program participants.

(3) Subject to funds separately appropriated for this specific purpose, the beginning educator support team components under subsection (2) of this section may be provided for continuous improvement coaching to support educators on probation under RCW 28A.405.100.

**Sec. 402.** RCW 28A.415.010 and 2006 c 263 s 807 are each amended to read as follows:

It shall be the responsibility of each educational service district board to establish a center for the improvement of teaching. The center shall administer, coordinate, and act as fiscal agent for such programs related to the recruitment and training of certificated and classified K-12 education personnel as may be delegated to the center by the superintendent of public instruction under RCW 28A.310.470. To assist in these activities, each educational service district board shall establish an improvement of teaching coordinating council to include, at a minimum, representatives as specified in RCW 28A.415.040. An existing in-service training task force, established pursuant to RCW 28A.415.040, may serve as the improvement of teaching coordinating council. The educational service district board shall ensure coordination of programs established pursuant to RCW 28A.415.030, 28A.410.060, and (~~28A.415.250~~) section 401 of this act.

The educational service district board may arrange each year for the holding of one or more teachers' institutes and/or workshops for professional staff preparation and in-service training in such manner and at such time as the board believes will be of benefit to the teachers and other professional staff of school districts within the educational service district and shall comply with rules of the professional educator standards board pursuant to RCW 28A.410.060 or the superintendent of public instruction (~~pursuant to RCW 28A.415.250~~). The board may provide such additional means of teacher and other professional staff preparation and in-service training as it may deem necessary or appropriate and there shall be a proper charge against the educational service district general expense fund when approved by the educational service district board.

Educational service district boards of contiguous educational service districts, by mutual arrangements, may hold joint institutes and/or workshops, the expenses to be shared in proportion to the numbers of certificated personnel as shown by the last annual reports of the educational service districts holding such joint institutes or workshops.

In local school districts employing more than one hundred teachers and other professional staff, the school district superintendent may hold a teachers' institute of one or more days in such district, said institute when so held by the school district

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superintendent to be in all respects governed by the provisions of this title and rules relating to teachers' institutes held by educational service district superintendents.

## PART V PROFESSIONAL DEVELOPMENT

**NEW SECTION. Sec. 501.** A new section is added to chapter 28A.320 RCW to read as follows:

(1)(a) The legislature finds that the school district board of directors sets the vision and provides direction and oversight for the school district. The legislature further finds that the school district superintendent is key to the day-to-day administration of the school district. The legislature intends to provide additional professional development opportunities for school district directors and superintendents to focus on research-based governance strategies to improve student achievement.

(b) The Washington state school directors' association shall develop and annually implement a professional development program for first-time school directors and school district superintendents and for on-going development of school directors and superintendents. The program must focus on research-based governance strategies to improve student achievement.

(2)(a) The legislature recognizes that there have been many recent changes in state educational policies that affect students, educators, school employees, and school district personnel, including the adoption of the common core standards and the new evaluation system. The legislature further recognizes that those important changes are intended to improve the performance of the educational system and student achievement. The legislature understands that the importance of providing adequate training and professional development for the changes in policy to have the successful outcomes that are intended. The legislature further intends the training to be responsive to the needs of local school districts.

(b) For the 2013-14 and 2014-15 school years, for any adjustments made to compensation provided by the school district beyond an adjustment for inflation must be in the form of targeted professional development, as determined to be appropriate by the school district. For the purpose of this section, "inflation" shall be determined in each year using the Seattle consumer price index for the most recently completed calendar year. The targeted professional development provided to instructional staff, as determined by the school district, is to assist the individual to improve student achievement, which may include but must not be limited to professional development regarding the common core state standards and the teacher and principal evaluations. The targeted professional development provided to noninstructional staff, as determined by the school district, is to improve skills necessary for the individual's assignment. This subsection (2)(b) does not affect or impair any collective bargaining agreements in effect on June 17, 2013, between an employer and educational employees or employee organization under chapter 41.59 RCW. Any collective bargaining agreement entered into or renewed after June 17, 2013, shall be consistent with this subsection.

(c) The office of the superintendent of public instruction must conduct an analysis of K-12 professional development. The purpose of the analysis is to improve the baseline understanding of policymakers regarding the level of public school resources currently expended to support professional development, the sources of funds, and the type and content of professional development purchased. The office of the superintendent of public instruction shall report the analysis to the education committees of the senate and house of representatives by December 31, 2013. As an extension of the study and to facilitate ongoing understanding of

resources expended to support professional development, beginning in the 2013-14 school year, each school district shall annually report to the superintendent of public instruction the amounts and purposes of locally bargained compensation provided by the school district, including the type and content of the professional development purchased and the personnel positions that receive the professional development. For the purposes of reporting, "professional development" includes both traditional forms such as seminars, conferences, courses, or training sessions and nontraditional, job-embedded forms such as dedicated time for instructional teams to examine student data, coaching and mentoring, and professional learning communities. The office of the superintendent of public instruction shall annually report the information to the legislature and the governor. The superintendent of public instruction may adopt rules to implement the ongoing reporting by the school districts.

## PART VI ALTERNATIVE LEARNING EXPERIENCES

**Sec. 601.** 2011 1st sp.s. c 34 s 1 (uncodified) is amended to read as follows:

(1) Under Article IX of the Washington state Constitution, all children are entitled to an opportunity to receive a basic education. Although the state must assure that students in public schools have opportunities to participate in the instructional program of basic education, there is no obligation for either the state or school districts to provide that instruction using a particular delivery method or through a particular program.

(2) The legislature finds ample evidence of the need to examine and reconsider policies under which alternative learning that occurs outside the classroom using an individual student learning plan may be considered equivalent to full-time attendance in school, including for funding purposes. Previous legislative studies have raised questions about financial practices and accountability in alternative learning experience (~~(programs)~~) courses. Since 2005, there has been significant enrollment growth in alternative learning experience online (~~(programs)~~) courses, with evidence of unexpected financial impact when large numbers of nonresident students enroll in (~~(programs)~~) courses. Based on this evidence, there is a rational basis on which to conclude that there are different costs associated with providing (~~(a program)~~) courses not primarily based on full-time, daily contact between teachers and students and not primarily occurring on-site in a classroom.

(3) For these reasons, the legislature intends to allow for continuing review and revision of the way in which state funding allocations are used to support alternative learning experience (~~(programs)~~) courses.

**Sec. 602.** RCW 28A.150.325 and 2011 1st sp.s. c 34 s 2 are each amended to read as follows:

(1) (~~For purposes of this chapter,~~) The definitions in this subsection apply throughout this chapter unless the context clearly requires otherwise.

(a) "Alternative learning experience (~~(program)~~) course" means a course (~~(or set of courses)~~), or for grades kindergarten through eight grade-level coursework, that is a delivery method for the program of basic education and is:

(~~(a)~~) (i) Provided in whole or in part independently from a regular classroom setting or schedule, but may include some components of direct instruction;

(~~(b)~~) (ii) Supervised, monitored, assessed, evaluated, and documented by a certificated teacher employed by the school district or under contract as permitted by applicable rules; and

(~~(c)~~) (iii) Provided in accordance with a written student learning plan that is implemented pursuant to the school district's

policy and rules adopted by the superintendent of public instruction for alternative learning experiences.

(b) "In-person" means face-to-face instructional contact in a physical classroom environment.

(c) "Instructional contact time" means instructional time with a certificated teacher. Instructional contact time must be for the purposes of actual instruction, review of assignments, testing, evaluation of student progress, or other learning activities or requirements identified in the student's written student learning plan. Instructional contact time must be related to an alternative learning experience course identified in the student's written student learning plan. Instructional contact time may occur in a group setting between the teacher and multiple students and may be delivered either in-person or remotely using technology.

(d) "Online course" means an alternative learning experience course that has the same meaning as provided in RCW 28A.250.010.

(e) "Remote course" means an alternative learning experience course that is not an online course where the student has in-person instructional contact time for less than twenty percent of the total weekly time for the course. No minimum in-person instructional contact time is required.

(f) "Site-based course" means an alternative learning experience course where the student has in-person instructional contact time for at least twenty percent of the total weekly time for the course.

(g) "Total weekly time" means the estimated average hours per school week the student will engage in learning activities to meet the requirements of the written student learning plan.

(2) ((The broad categories of alternative learning experience programs include, but are not limited to:

(a) Online programs as defined in RCW 28A.150.262;

(b) Parent partnership programs that include significant participation and partnership by parents and families in the design and implementation of a student's learning experience; and

(c) Contract-based learning programs)) School districts may claim state funding under section 603 of this act, to the extent otherwise allowed by state law including the provisions of RCW 28A.250.060, for students enrolled in remote, site-based, or online alternative learning experience courses. High school courses must meet district or state graduation requirements and be offered for high school credit.

(3) School districts that offer alternative learning experience (~~(programs)~~) courses may not provide any compensation, reimbursement, gift, reward, or gratuity to any parents, guardians, or students for participation in the courses. School district employees are prohibited from receiving any compensation or payment as an incentive to increase student enrollment of out-of-district students in (~~(an)~~) alternative learning experience (~~(program)~~) courses. This prohibition includes, but is not limited to, providing funds to parents, guardians, or students for the purchase of educational materials, supplies, experiences, services, or technological equipment. A district may purchase educational materials, equipment, or other nonconsumable supplies for students' use in alternative learning experience (~~(programs)~~) courses if the purchase is consistent with the district's approved curriculum, conforms to applicable laws and rules, and is made in the same manner as such purchases are made for students in the district's regular instructional program. Items so purchased remain the property of the school district upon program completion. School districts may not purchase or contract for instructional or curricular experiences and services that are included in an alternative learning experience written student learning plan, including but not limited to lessons, trips, and other activities, unless substantially similar experiences and services are available to students enrolled in the district's regular instructional program. School districts that purchase or contract for such experiences and services for students enrolled in an alternative

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learning experience ((~~program~~) course) must submit an annual report to the office of the superintendent of public instruction detailing the costs and purposes of the expenditures. These requirements extend to contracted providers of alternative learning experience ((~~programs~~) courses), and each district shall be responsible for monitoring the compliance of its providers with these requirements. However, nothing in this ((~~section~~) subsection) shall prohibit school districts from contracting with school district employees to provide services or experiences to students, or from contracting with online providers approved by the office of the superintendent of public instruction pursuant to chapter 28A.250 RCW.

(4) ((Part-time enrollment in alternative learning experiences is subject to the provisions of RCW 28A.150.350.

(5) The superintendent of public instruction shall adopt rules defining minimum requirements and accountability for alternative learning experience programs)) Each school district offering or contracting to offer alternative learning experience courses must:

(a) Report annually to the superintendent of public instruction regarding the course types and offerings, and number of students participating in each;

(b) Document the district of residence for each student enrolled in an alternative learning experience course; and

(c) Beginning in the 2013-14 school year and continuing through the 2016-17 school year, pay costs associated with a biennial measure of student outcomes and financial audit of the district's alternative learning experience courses by the office of the state auditor.

(5) A school district offering or contracting to offer an alternative learning experience course to a nonresident student must inform the resident school district if the student drops out of the course or is otherwise no longer enrolled.

(6) School districts must assess the educational progress of enrolled students at least annually, using, for full-time students, the state assessment for the student's grade level and using any other annual assessments required by the school district. Part-time students must also be assessed at least annually. However, part-time students who are either receiving home-based instruction under chapter 28A.200 RCW or who are enrolled in an approved private school under chapter 28A.195 RCW are not required to participate in the assessments required under chapter 28A.655 RCW. The rules must address how students who reside outside the geographic service area of the school district are to be assessed.

(7) Beginning with the 2013-14 school year, school districts must designate alternative learning experience courses as such when reporting course information to the office of the superintendent of public instruction under RCW 28A.300.500.

(8)(a) The superintendent of public instruction shall adopt rules necessary to implement this section.

(b) Rules adopted for weekly direct personal contact requirements and monthly progress evaluation must be flexible and reflect the needs of the student and the student's individual learning plan rather than specifying an amount of time. In addition, the rules must reduce documentation requirements, particularly for students making satisfactory progress, based on the unique aspects of the alternative learning experience course types defined in this section and taking into consideration the technical and system capabilities associated with the different course types.

(c) The rules must establish procedures that address how the counting of students must be coordinated by resident and nonresident districts for state funding so that no student is counted for more than one full-time equivalent in the aggregate.

**NEW SECTION. Sec. 603.** The superintendent of public instruction shall separately calculate and allocate moneys appropriated under RCW 28A.150.260 to school districts for each

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full-time equivalent student enrolled in an alternative learning experience course. The calculation shall be based on the estimated statewide annual average allocation per full-time equivalent student in grades nine through twelve in general education, excluding small high school enhancements, and including applicable rules and provisions of the omnibus appropriations act.

**Sec. 604.** RCW 28A.250.010 and 2011 1st sp.s. c 34 s 5 are each amended to read as follows:

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

(1)(a) "Multidistrict online provider" means:

(i) A private or nonprofit organization that enters into a contract with a school district to provide online courses or programs to K-12 students from more than one school district;

(ii) A private or nonprofit organization that enters into contracts with multiple school districts to provide online courses or programs to K-12 students from those districts; or

(iii) Except as provided in (b) of this subsection, a school district that provides online courses or programs to students who reside outside the geographic boundaries of the school district.

(b) "Multidistrict online provider" does not include a school district online learning program in which fewer than ten percent of the students enrolled in the program are from other districts under the interdistrict student transfer provisions of RCW 28A.225.225. "Multidistrict online provider" also does not include regional online learning programs that are jointly developed and implemented by two or more school districts or an educational service district through an interdistrict cooperative program agreement that addresses, at minimum, how the districts share student full-time equivalency for state basic education funding purposes and how categorical education programs, including special education, are provided to eligible students.

(2)(a) "Online course" means a course or grade-level coursework where:

(i) More than half of the course content is delivered electronically using the internet or other computer-based methods; ~~(and)~~

(ii) More than half of the teaching is conducted from a remote location through an online course learning management system or other online or electronic tools;

(iii) A certificated teacher has the primary responsibility for the student's instructional interaction. Instructional interaction between the teacher and the student includes, but is not limited to, direct instruction, review of assignments, assessment, testing, progress monitoring, and educational facilitation; and

(iv) Students have access to the teacher synchronously, asynchronously, or both.

(b) "Online school program" means a school program that(:

(i) Offers courses or grade-level coursework that is delivered primarily electronically using the internet or other computer-based methods;

(ii) Offers courses or grade-level coursework that is taught by a teacher primarily from a remote location using online or other electronic tools. Students enrolled in an online program may have access to the teacher synchronously, asynchronously, or both;

(iii)) offers a sequential set of online courses or grade-level coursework that may be taken in a single school term or throughout the school year in a manner that could provide a full-time basic education program if so desired by the student. Students may enroll in the program as part-time or full-time students(; and

(iv) Has an online component of the program with online lessons and tools for student and data management)).

(c) An online course or online school program may be delivered to students at school as part of the regularly scheduled school day. An online course or online school program also may be delivered to

students, in whole or in part, independently from a regular classroom schedule, but such courses or programs must comply with RCW ((28A.150.262)) 28A.150.325 (as recodified by this act) and associated rules adopted by the superintendent of public instruction to qualify for state basic education funding.

(3) "Online provider" means any provider of an online course or program, including multidistrict online providers, all school district online learning programs, and all regional online learning programs.

**Sec. 605.** RCW 28A.250.020 and 2011 1st sp.s. c 34 s 6 are each amended to read as follows:

(1) The superintendent of public instruction, in collaboration with the state board of education, shall develop and implement approval criteria and a process for approving online providers; a process for monitoring and if necessary rescinding the approval of courses or programs offered by an online provider; and an appeals process. The criteria and processes for multidistrict online providers shall be adopted by rule by December 1, 2009.

(2) When developing the approval criteria, the superintendent of public instruction shall require that providers offering online courses or programs have accreditation, or are candidates for accreditation, through the Northwest accreditation commission or another national, regional, or state accreditation program listed by the office of the superintendent of public instruction ((after consultation with the Washington coalition for online learning)). In addition to other criteria, the approval criteria shall include the degree of alignment with state academic standards and require that all teachers be certificated in accordance with Washington state law. When reviewing online providers that offer high school courses, the superintendent of public instruction shall assure that the courses offered by the provider are eligible for high school credit. However, final decisions regarding whether credit meets the school district's graduation requirements shall remain the responsibility of the school districts.

(3) Initial approval of online providers by the superintendent of public instruction shall be for four years. The superintendent of public instruction shall develop a process for the renewal of approvals and for rescinding approvals based on noncompliance with approval requirements. Any multidistrict online provider that was approved by the digital learning commons or accredited by the Northwest association of accredited schools before July 26, 2009, and that meets the teacher certification requirements of subsection (2) of this section, is exempt from the initial approval process under this section until August 31, 2012, but must comply with the process for renewal of approvals and must comply with approval requirements.

(4) The superintendent of public instruction shall make the first round of decisions regarding approval of multidistrict online providers by April 1, 2010. The first round of decisions regarding approval of online providers that are not multidistrict online providers shall be made by April 1, 2013. Thereafter, the superintendent of public instruction shall make annual approval decisions no later than November 1st of each year.

(5) The superintendent of public instruction shall establish an online learning advisory committee within existing resources that shall provide advice to the superintendent regarding the approval criteria, major components of the web site, the model school district policy, model agreements, and other related matters. The committee shall include a representative of each of the following groups: Private and public online providers, parents of online students, accreditation organizations, educational service districts, school principals, teachers, school administrators, school board members, institutions of higher education, and other individuals as determined by the superintendent. Members of the advisory committee shall be selected by the superintendent based on nominations from statewide organizations, shall serve three-year

terms, and may be reappointed. The superintendent shall select the chair of the committee.

**Sec. 606.** RCW 28A.250.050 and 2011 1st sp.s. c 34 s 11 are each amended to read as follows:

(1) By August 31, 2010, all school district boards of directors shall develop policies and procedures regarding student access to online courses and online learning programs. The policies and procedures shall include but not be limited to: Student eligibility criteria; the types of online courses available to students through the school district; the methods districts will use to support student success, which may include a local advisor; when the school district will and will not pay course fees and other costs; the granting of high school credit; and a process for students and parents or guardians to formally acknowledge any course taken for which no credit is given. The policies and procedures shall take effect beginning with the 2010-11 school year. School districts shall submit their policies to the superintendent of public instruction by September 15, 2010. By December 1, 2010, the superintendent of public instruction shall summarize the school district policies regarding student access to online courses and submit a report to the legislature.

(2) School districts must award credit and grades for online high school courses successfully completed by a student that meet the school district's graduation requirements and are provided by an approved online provider.

(3) School districts shall provide students with information regarding online courses that are available through the school district. The information shall include the types of information described in subsection (1) of this section.

(4) When developing local or regional online learning programs, school districts shall incorporate into the program design the approval criteria developed by the superintendent of public instruction under RCW 28A.250.020.

**Sec. 607.** RCW 28A.250.060 and 2011 1st sp.s. c 34 s 8 are each amended to read as follows:

(1) Beginning with the 2011-12 school year, school districts may claim state funding under ((RCW 28A.150.260)) section 603 of this act, to the extent otherwise allowed by state law, for students enrolled in online courses or programs only if the online courses or programs are:

(a) Offered by a multidistrict online provider approved under RCW 28A.250.020 by the superintendent of public instruction;

(b) Offered by a school district online learning program if the program serves students who reside within the geographic boundaries of the school district, including school district programs in which fewer than ten percent of the program's students reside outside the school district's geographic boundaries; or

(c) Offered by a regional online learning program where courses are jointly developed and offered by two or more school districts or an educational service district through an interdistrict cooperative program agreement.

(2) Beginning with the 2013-14 school year, school districts may claim state funding under ((RCW 28A.150.260)) section 603 of this act, to the extent otherwise allowed by state law, for students enrolled in online courses or programs only if the online courses or programs are offered by an online provider approved under RCW 28A.250.020 by the superintendent of public instruction.

(3) Criteria shall be established by the superintendent of public instruction to allow online courses that have not been approved by the superintendent of public instruction to be eligible for state funding if the course is in a subject matter in which no courses have been approved and, if it is a high school course, the course meets Washington high school graduation requirements.

**Sec. 608.** RCW 28A.250.070 and 2009 c 542 s 8 are each amended to read as follows:

Nothing in this chapter is intended to diminish the rights of students to attend a nonresident school district in accordance with

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RCW 28A.225.220 through 28A.225.230 for the purposes of enrolling in online courses or online school programs. The office of online learning under RCW 28A.250.030 shall develop a standard form, which must be used by all school districts, for releasing a student to a nonresident school district for the purposes of enrolling in an online course or online school program.

**NEW SECTION. Sec. 609.** A new section is added to chapter 28A.250 RCW to read as follows:

An online school program may request a waiver from the office of the superintendent of public instruction to administer one or more sections of the statewide student assessment for grades three through eight for some or all students enrolled in the program on alternate days or on an alternate schedule, as long as the administration is within the testing period established by the office. The office may deny a request for a waiver if the online school program's proposal does not maintain adequate test security or would reduce the reliability of the assessment results by providing an inequitable advantage for some students.

**Sec. 610.** RCW 28A.225.220 and 1995 c 335 s 602 and 1995 c 52 s 2 are each reenacted and amended to read as follows:

(1) Any board of directors may make agreements with adults choosing to attend school, and may charge the adults reasonable tuition.

(2) A district is strongly encouraged to honor the request of a parent or guardian for his or her child to attend a school in another district or the request of a parent or guardian for his or her child to transfer as a student receiving home-based instruction.

(3) A district shall release a student to a nonresident district that agrees to accept the student if:

(a) A financial, educational, safety, or health condition affecting the student would likely be reasonably improved as a result of the transfer; or

(b) Attendance at the school in the nonresident district is more accessible to the parent's place of work or to the location of child care; or

(c) There is a special hardship or detrimental condition; or

(d) The purpose of the transfer is for the student to enroll in an online course or online school program offered by an online provider approved under RCW 28A.250.020.

(4) A district may deny the request of a resident student to transfer to a nonresident district if the release of the student would adversely affect the district's existing desegregation plan.

(5) For the purpose of helping a district assess the quality of its education program, a resident school district may request an optional exit interview or questionnaire with the parents or guardians of a child transferring to another district. No parent or guardian may be forced to attend such an interview or complete the questionnaire.

(6) Beginning with the 1993-94 school year, school districts may not charge transfer fees or tuition for nonresident students enrolled under subsection (3) of this section and RCW 28A.225.225. Reimbursement of a high school district for cost of educating high school pupils of a nonhigh school district shall not be deemed a transfer fee as affecting the apportionment of current state school funds.

**Sec. 611.** RCW 28A.225.225 and 2013 c 192 s 2 are each amended to read as follows:

(1) Except for students who reside out-of-state and students under RCW 28A.225.217, a district shall accept applications from nonresident students who are the children of full-time certificated and classified school employees, and those children shall be permitted to enroll:

(a) At the school to which the employee is assigned;

(b) At a school forming the district's K through 12 continuum which includes the school to which the employee is assigned; or

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(c) At a school in the district that provides early intervention services pursuant to RCW 28A.155.065 or preschool services pursuant to RCW 28A.155.070, if the student is eligible for such services.

(2) A district may reject applications under this section if:

(a) The student's disciplinary records indicate a history of convictions for offenses or crimes, violent or disruptive behavior, or gang membership;

(b) The student has been expelled or suspended from a public school for more than ten consecutive days. Any policy allowing for readmission of expelled or suspended students under this subsection (2)(b) must apply uniformly to both resident and nonresident applicants; ~~((or))~~

(c) Enrollment of a child under this section would displace a child who is a resident of the district, except that if a child is admitted under subsection (1) of this section, that child shall be permitted to remain enrolled at that school, or in that district's kindergarten through twelfth grade continuum, until he or she has completed his or her schooling; or

(d) The student has repeatedly failed to comply with requirements for participation in an online school program, such as participating in weekly direct contact with the teacher or monthly progress evaluations.

(3) A nonhigh district that is participating in an innovation academy cooperative may not accept an application from a high school student that conflicts with RCW 28A.340.080.

(4) Except as provided in subsection (1) of this section, all districts accepting applications from nonresident students or from students receiving home-based instruction for admission to the district's schools shall consider equally all applications received. Each school district shall adopt a policy establishing rational, fair, and equitable standards for acceptance and rejection of applications by June 30, 1990. The policy may include rejection of a nonresident student if:

(a) Acceptance of a nonresident student would result in the district experiencing a financial hardship;

(b) The student's disciplinary records indicate a history of convictions for offenses or crimes, violent or disruptive behavior, or gang membership;

(c) Accepting of the nonresident student would conflict with RCW 28A.340.080; or

(d) The student has been expelled or suspended from a public school for more than ten consecutive days. Any policy allowing for readmission of expelled or suspended students under this subsection (4)(d) must apply uniformly to both resident and nonresident applicants.

For purposes of subsections (2)(a) and (4)(b) of this section, "gang" means a group which: (i) Consists of three or more persons; (ii) has identifiable leadership; and (iii) on an ongoing basis, regularly conspires and acts in concert mainly for criminal purposes.

(5) The district shall provide to applicants written notification of the approval or denial of the application in a timely manner. If the application is rejected, the notification shall include the reason or reasons for denial and the right to appeal under RCW 28A.225.230(3).

**Sec. 612.** RCW 28A.150.100 and 2011 1st sp.s. c 34 s 10 are each amended to read as follows:

(1) For the purposes of this section and RCW 28A.150.410 and 28A.400.200, "basic education certificated instructional staff" means all full-time equivalent classroom teachers, teacher librarians, guidance counselors, certificated student health services staff, and other certificated instructional staff in the following programs as defined for statewide school district accounting purposes: Basic education, secondary vocational education, general instructional support, and general supportive services.

(2) Each school district shall maintain a ratio of at least forty-six basic education certificated instructional staff to one thousand annual average full-time equivalent students. This requirement does not apply to that portion of a district's annual average full-time equivalent enrollment that is enrolled in alternative learning experience ~~((programs))~~ courses as defined in RCW 28A.150.325 (as recodified by this act).

**Sec. 613.** RCW 28A.525.162 and 2012 c 244 s 2 are each amended to read as follows:

(1) Funds appropriated to the superintendent of public instruction from the common school construction fund shall be allotted by the superintendent of public instruction in accordance with this chapter.

(2) No allotment shall be made to a school district until such district has provided local funds equal to or greater than the difference between the total approved project cost and the amount of state funding assistance to the district for financing the project computed pursuant to RCW 28A.525.166, with the following exceptions:

(a) The superintendent of public instruction may waive the local requirement for state funding assistance for districts which have provided funds for school building construction purposes through the authorization of bonds or through the authorization of excess tax levies or both in an amount equivalent to two and one-half percent of the value of its taxable property, as defined in RCW 39.36.015.

(b) No such local funds shall be required as a condition to the allotment of funds from the state for the purpose of making major or minor structural changes to existing school facilities in order to bring such facilities into compliance with the barrier free access requirements of section 504 of the federal rehabilitation act of 1973 (29 U.S.C. Sec. 706) and rules implementing the act.

(3) For the purpose of computing the state funding assistance percentage under RCW 28A.525.166 when a school district is granted authority to enter into contracts, adjusted valuation per pupil shall be calculated using headcount student enrollments from the most recent October enrollment reports submitted by districts to the superintendent of public instruction, adjusted as follows:

(a) In the case of projects for which local bonds were approved after May 11, 1989:

(i) For districts which have been designated as serving high school districts under RCW 28A.540.110, students residing in the nonhigh district so designating shall be excluded from the enrollment count if the student is enrolled in any grade level not offered by the nonhigh district;

(ii) The enrollment of nonhigh school districts shall be increased by the number of students residing within the district who are enrolled in a serving high school district so designated by the nonhigh school district under RCW 28A.540.110, including only students who are enrolled in grade levels not offered by the nonhigh school district; and

(iii) The number of preschool students with disabilities included in the enrollment count shall be multiplied by one-half;

(b) In the case of construction or modernization of high school facilities in districts serving students from nonhigh school districts, the adjusted valuation per pupil shall be computed using the combined adjusted valuations and enrollments of each district, each weighted by the percentage of the district's resident high school students served by the high school district;

(c) The number of kindergarten students included in the enrollment count shall be counted as one headcount student; and

(d) The number of students residing outside the school district who are enrolled in alternative learning experience ~~((programs))~~ courses under RCW 28A.150.325 (as recodified by this act) shall be excluded from the total.

(4) In lieu of the exclusion in subsection (3)(d) of this section, a district may submit an alternative calculation for excluding students

enrolled in alternative learning experience ~~((programs))~~ courses. The alternative calculation must show the student headcount use of district classroom facilities on a regular basis for a regular duration by out-of-district alternative learning experience ~~((program))~~ students subtracted by the headcount of in-district alternative learning experience ~~((program))~~ students not using district classroom facilities on a regular basis for a reasonable duration. The alternative calculation must be submitted in a form approved by the office of the superintendent of public instruction. The office of the superintendent of public instruction must develop rules to define "regular basis" and "reasonable duration."

(5) The superintendent of public instruction, considering policy recommendations from the school facilities citizen advisory panel, shall prescribe such rules as are necessary to equate insofar as possible the efforts made by school districts to provide capital funds by the means aforesaid.

(6) For the purposes of this section, "preschool students with disabilities" means children of preschool age who have developmental disabilities who are entitled to services under RCW 28A.155.010 through 28A.155.100 and are not included in the kindergarten enrollment count of the district.

**Sec. 614.** RCW 28A.525.166 and 2012 c 244 s 3 are each amended to read as follows:

Allocations to school districts of state funds provided by RCW 28A.525.162 through 28A.525.180 shall be made by the superintendent of public instruction and the amount of state funding assistance to a school district in financing a school plant project shall be determined in the following manner:

(1) The boards of directors of the districts shall determine the total cost of the proposed project, which cost may include the cost of acquiring and preparing the site, the cost of constructing the building or of acquiring a building and preparing the same for school use, the cost of necessary equipment, taxes chargeable to the project, necessary architects' fees, and a reasonable amount for contingencies and for other necessary incidental expenses: PROVIDED, That the total cost of the project shall be subject to review and approval by the superintendent.

(2) The state funding assistance percentage for a school district shall be computed by the following formula:

The ratio of the school district's adjusted valuation per pupil divided by the ratio of the total state adjusted valuation per pupil shall be subtracted from three, and then the result of the foregoing shall be divided by three plus (the ratio of the school district's adjusted valuation per pupil divided by the ratio of the total state adjusted valuation per pupil).

	District adjusted	Total state		
	3-valuation	÷ adjusted valuation		
Computed	per pupil	per pupil	State	
State =	_____		=	% Funding
Ratio	District adjusted	Total state	Assistance	
	3+valuation	÷ adjusted valuation		
	per pupil	per pupil		

PROVIDED, That in the event the state funding assistance percentage to any school district based on the above formula is less than twenty percent and such school district is otherwise eligible for state funding assistance under RCW 28A.525.162 through 28A.525.180, the superintendent may establish for such district a

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state funding assistance percentage not in excess of twenty percent of the approved cost of the project, if the superintendent finds that such additional assistance is necessary to provide minimum facilities for housing the pupils of the district.

(3) In addition to the computed state funding assistance percentage developed in subsection (2) of this section, a school district shall be entitled to additional percentage points determined by the average percentage of growth for the past three years. One percent shall be added to the computed state funding assistance percentage for each percent of growth, with a maximum of twenty percent.

(4) In computing the state funding assistance percentage in subsection (2) of this section and adjusting the percentage under subsection (3) of this section, students residing outside the school district who are enrolled in alternative learning experience ~~((programs))~~ courses under RCW 28A.150.325 (as recodified by this act) shall be excluded from the count of total pupils. In lieu of the exclusion in this subsection, a district may submit an alternative calculation for excluding students enrolled in alternative learning experience ~~((programs))~~ courses. The alternative calculation must show the student headcount use of district classroom facilities on a regular basis for a reasonable duration by out-of-district alternative learning experience ~~((program))~~ students subtracted by the headcount of in-district alternative learning experience ~~((program))~~ students not using district classroom facilities on a regular basis for a reasonable duration. The alternative calculation must be submitted in a form approved by the office of the superintendent of public instruction. The office of the superintendent of public instruction must develop rules to define "regular basis" and "reasonable duration."

(5) The approved cost of the project determined in the manner prescribed in this section multiplied by the state funding assistance percentage derived as provided for in this section shall be the amount of state funding assistance to the district for the financing of the project: PROVIDED, That need therefor has been established to the satisfaction of the superintendent: PROVIDED, FURTHER, That additional state funding assistance may be allowed if it is found by the superintendent, considering policy recommendations from the school facilities citizen advisory panel that such assistance is necessary in order to meet (a) a school housing emergency resulting from the destruction of a school building by fire, the condemnation of a school building by properly constituted authorities, a sudden excessive and clearly foreseeable future increase in school population, or other conditions similarly emergent in nature; or (b) a special school housing burden resulting from projects of statewide significance or imposed by virtue of the admission of nonresident students into educational programs established, maintained and operated in conformity with the requirements of law; or (c) a deficiency in the capital funds of the district resulting from financing, subsequent to April 1, 1969, and without benefit of the state funding assistance provided by prior state assistance programs, the construction of a needed school building project or projects approved in conformity with the requirements of such programs, after having first applied for and been denied state funding assistance because of the inadequacy of state funds available for the purpose, or (d) a condition created by the fact that an excessive number of students live in state owned housing, or (e) a need for the construction of a school building to provide for improved school district organization or racial balance, or (f) conditions similar to those defined under (a), (b), (c), (d), and (e) of this subsection, creating a like emergency.

**NEW SECTION. Sec. 615.** (1) The office of financial management shall conduct a study, in consultation with, at minimum, one representative each from school districts that administer remote, site- based, and online alternative learning

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experience courses; the office of the superintendent of public instruction; the Washington state institute for public policy; individuals with expertise in outcome-based public school funding models; a Washington state nonprofit organization with expertise in alternative learning education; and the legislative evaluation and accountability program committee.

(2) The purpose of the study is to create a proposal for efficiently and sustainably funding alternative learning experience courses and to recommend steps to increase the focus on educational outcomes. The study may recommend the funding method established in section 603 of this act or another method of funding. The study shall review alternative learning funding models used in other states and consider the advantages and disadvantages of applying state policies, including funding policies, differentially depending on the type of alternative learning experience course. The study should also include but not be limited to, recommendations for establishing baseline data regarding alternative learning experience student proficiency and achievement in relation to students in a comparable demographic, identifying outcome targets and methods to measure progress toward targets, identifying methods to ensure ongoing evaluation of outcomes that account for the student demographics being served, and improving alternative learning experience accountability.

(3) The office of financial management shall report its findings from the study to the quality education council by November 1, 2013. The quality education council shall review the findings and make recommendations to the education and fiscal committees of the legislature by December 15, 2013.

**NEW SECTION. Sec. 616.** RCW 28A.150.262 (Defining full-time equivalent student--Students receiving instruction through alternative learning experience online programs--Requirements) and 2011 1st sp.s. c 34 s 3, 2009 c 542 s 9, & 2005 c 356 s 2 are each repealed.

**NEW SECTION. Sec. 617.** (1) RCW 28A.150.325 is recodified as a section in chapter 28A.-- RCW (the new chapter created in section 618 of this act).

(2) 2011 1st sp.s. c 34 s 1 is codified as a section in chapter 28A.-- RCW (the new chapter created in section 618 of this act).

**NEW SECTION. Sec. 618.** Sections 601 and 603 of this act constitute a new chapter in Title 28A RCW.

## PART VII MISCELLANEOUS

**NEW SECTION. Sec. 701.** The following acts or parts of acts are each repealed:

(1) RCW 28A.165.025 (School district program plan) and 2009 c 556 s 1 & 2004 c 20 s 3;

(2) RCW 28A.165.045 (Plan approval process) and 2009 c 556 s 2 & 2004 c 20 s 5;

(3) RCW 28A.415.250 (Teacher assistance program--Provision for mentor teachers) and 2009 c 539 s 5, 1993 c 336 s 401, 1991 c 116 s 19, 1990 c 33 s 403, 1987 c 507 s 1, & 1985 c 399 s 1; and

(4) RCW 28A.415.260 (Pilot program using full-time mentor teachers) and 1998 c 245 s 12 & 1993 c 336 s 402.

**NEW SECTION. Sec. 702.** Section 603 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

**NEW SECTION. Sec. 703.** 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."

MOTION

Senator Rolfes moved that the following amendment by Senators Rolfes and Billig to the striking amendment be adopted:

Beginning on page 22, after line 27 of the amendment, strike all of sections 601 through 618

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

On page 42, beginning on line 16 of the amendment, strike section 702

Re-number the remaining section consecutively.

On page 43, beginning on line 1 of the title amendment, after "28A.300.042," strike all material through "28A.225.220" on line 5 and insert "and 28A.415.010"

On page 43, beginning on line 9 of the title amendment, after "28A.600 RCW;" strike all material through "28A.150.262," on line 11 and insert "creating a new section; and repealing RCW"

On page 43, line 12 of the title amendment, after "28A.415.260" strike all material through "emergency"

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

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

The President Pro Tempore declared the question before the Senate to be the adoption of the amendment by Senators Rolfes and Billig on page 22, after line 27 to the striking amendment to Substitute Senate Bill No. 5946.

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

#### MOTION

Senator Rolfes moved that the following amendment by Senator Rolfes and others to the striking amendment be adopted:

On page 42, after line 2 of the amendment, insert the following:

#### **"PART VII FUNDING ENHANCEMENTS TO THE PROTOTYPICAL SCHOOL ALLOCATION MODEL**

NEW SECTION. **Sec. 701.** The Washington supreme court order from December 2012 directed the 2013 legislature to establish a phase-in plan that addresses "all areas of K-12 education identified in ESHB 2261." While Substitute House Bill No. 2776 established the end goal enhancements for portions of the new basic education obligations under Engrossed Substitute House Bill No. 2261, that legislation did not establish the plan in which those enhancements would be phased-in over time. The legislature intends to establish a linear phase-in plan for funding the enhancements identified in Substitute House Bill No. 2776 but acknowledges that future legislatures may consider alternate phase-in schedules to reflect legislative priorities and emerging research. The legislature also recognizes that Substitute House Bill No. 2776 did not establish 2018 enhancement values for the many other components of the new prototypical funding formula and did not address how funding for the increased instructional hours and credit hours would be phased-in. It is the intent of the legislature to have end-goal values and a complete phase-in plan for all the 2018 basic education enhancements by the end of the 2013-2015 biennium after reviewing the relevant work and recommendations of the quality education council, the office of the superintendent of public instruction, the compensation technical working group, and the educational opportunity gap oversight and accountability committee. As a first step, additional initial enhancements are included that are beyond those identified in Substitute House Bill No. 2776 and that are targeted to those areas that support legislative

reforms to provide students the opportunity to be career and college ready. It is the legislature's intent that the final 2018 values for the additional enhancements also be adopted by the legislature by the end of the 2013-2015 biennium.

**Sec. 702.** RCW 28A.150.220 and 2013 c 323 s 2 are each amended to read as follows:

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

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

(a) For students enrolled in grades one through twelve, at least a district-wide annual average of one thousand hours, which shall be increased to at least one thousand eighty instructional hours for students enrolled in each of grades seven through twelve and at least one thousand instructional hours for students in each of grades one through six according to an implementation schedule adopted by the legislature (~~(, but not before the 2014-15 school year)~~). Beginning in the 2013-2015 biennium, the legislature shall begin a linear phase-in of the funding enhancements necessary to accomplish the district-wide eighty hour increase in instructional hours for students in grades seven through twelve by 2018; and

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

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

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

(b) Instruction that provides students the opportunity to complete twenty-four credits for high school graduation, subject to a phased-in implementation of the twenty-four credits as established by the legislature. Beginning in the 2013-2015 biennium, the legislature shall begin a linear phase-in of the funding enhancements necessary to allow students the opportunity to graduate with twenty-four credits by 2018. Course distribution requirements may be established by the state board of education under RCW 28A.230.090;

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

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

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

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

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

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

(5) Each school district's kindergarten through twelfth grade basic educational program shall be accessible to all students who are five years of age, as provided by RCW 28A.225.160, and less than

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

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

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

**Sec. 703.** RCW 28A.150.260 and 2011 1st sp.s. c 27 s 2 are each amended to read as follows:

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

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

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

(3)(a) To the extent the technical details of the formula have been adopted by the legislature and except when specifically provided as a school district allocation, the distribution formula for the basic education instructional allocation shall be based on minimum staffing and nonstaff costs the legislature deems necessary to support instruction and operations in prototypical schools serving high, middle, and elementary school students as provided in this section. The use of prototypical schools for the distribution formula does not constitute legislative intent that schools should be operated or structured in a similar fashion as the prototypes. Prototypical schools illustrate the level of resources needed to operate a school of a particular size with particular types and grade levels of students using commonly understood terms and inputs, such as class size, hours of instruction, and various

categories of school staff. It is the intent that the funding allocations to school districts be adjusted from the school prototypes based on the actual number of annual average full-time equivalent students in each grade level at each school in the district and not based on the grade-level configuration of the school to the extent that data is available. The allocations shall be further adjusted from the school prototypes with minimum allocations for small schools and to reflect other factors identified in the omnibus appropriations act.

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

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

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

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

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

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

(b) ~~((During))~~ Beginning with the ((2011-2013)) 2013-2015 biennium and beginning with schools with the highest percentage of students eligible for free and reduced-price meals in the prior school year, the general education average class size for grades K-3 shall be reduced ~~((until the))~~ in a linear fashion each biennium in order to achieve an average class size funded under this subsection (4) ~~((is))~~ of no more than 17.0 full-time equivalent students per teacher ~~((beginning in))~~ by the 2017-18 school year.

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

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

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

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

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

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

addition to classroom teachers:

	Elementary School	Middle School	High School
Principals, assistant principals, and other certificated building-level administrators.....	1.253	1.353	1.880
Teacher librarians, a function that includes information literacy, technology, and media to support school library media programs .....	0.663	0.519	0.523
Health and social services:			
School nurses .....	0.076	0.060	0.096
Social workers.....	0.042	0.006	0.015
Psychologists.....	0.017	0.002	0.007
Guidance counselors, a function that includes parent outreach and graduation advising .....	0.493	<del>((1.116))</del> <u>1.216</u>	<del>((1.909))</del> <u>2.009</u>
Teaching assistance, including any aspect of educational instructional services provided by classified employees.....	0.936	0.700	0.652
Office support and other noninstructional aides.....	2.012	2.325	3.269
Custodians .....	1.657	1.942	2.965
Classified staff providing student and staff safety.....	0.079	0.092	0.141
<del>((Parent involvement))</del> <u>Family and community engagement</u> coordinators.....	<del>((0.00))</del> <u>0.10</u>	0.00	0.00

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

Staff per 1,000 K-12 students	
Technology	0.628
Facilities, maintenance, and grounds	1.813
Warehouse, laborers, and mechanics	0.332

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

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

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

Per annual average full-time equivalent student in grades K-12	
Technology	\$54.43
Utilities and insurance	\$147.90
Curriculum and textbooks	\$58.44
Other supplies and library materials	\$124.07
Instructional professional development for certified and classified staff	\$9.04

Facilities maintenance \$73.27  
 Security and central office \$50.76  
 (b) ~~((During))~~ Beginning with the ~~((2011-2013))~~ 2013-2015 biennium, the minimum allocation for maintenance, supplies, and operating costs shall be increased ~~((as specified in the omnibus appropriations act))~~ in a linear fashion each biennium in order to achieve the 2015-16 allocation values by the 2015-16 school year. The following allocations, adjusted for inflation from the 2007-08 school year, are provided in the 2015-16 school year, after which the allocations shall be adjusted annually for inflation as specified in the omnibus appropriations act:

Per annual average full-time equivalent student in grades K-12	
Technology	\$113.80
Utilities and insurance	\$309.21
Curriculum and textbooks	\$122.17
Other supplies and library materials	\$259.39
Instructional professional development for certificated and classified staff	\$18.89
Facilities maintenance	\$153.18
Security and central office administration	\$106.12

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

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

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

(a) To provide supplemental instruction and services for underachieving students through the learning assistance program under RCW 28A.165.005 through 28A.165.065, allocations shall be based on the district percentage of students in grades K-12 who were eligible for free or reduced-price meals in the prior school year. The minimum allocation for the program shall provide for each level of prototypical school resources to provide, on a statewide average, ~~((1-5156))~~ two hours per week in extra instruction with a class size of fifteen learning assistance program students per teacher.

(b) To provide supplemental instruction and services for students whose primary language is other than English, allocations shall be based on the head count number of students in each school who are eligible for and enrolled in the transitional bilingual instruction program under RCW 28A.180.010 through 28A.180.080. The minimum allocation for each level of prototypical school shall provide resources to provide, on a statewide average, 4,7780 hours per week in extra instruction with fifteen transitional bilingual instruction program students per teacher in elementary school, six hours per week in extra instruction with fifteen transitional bilingual instruction program students per teacher in middle school, and eight hours per week in extra instruction with fifteen transitional bilingual instruction program students per teacher in high school. An additional three hours per week of transition support shall be provided for each student for two years after exiting the transitional bilingual instructional program. Notwithstanding other provisions of this subsection (10), the actual per-student allocation may be scaled to provide a larger allocation for students needing more intensive intervention and a commensurate reduced allocation for students needing less intensive intervention, as detailed in the omnibus appropriations act.

(c) To provide additional allocations to support programs for highly capable students under RCW 28A.185.010 through 28A.185.030, allocations shall be based on two and three hundred fourteen one-thousandths percent of each school district's full-time equivalent basic education enrollment. The minimum allocation for the programs shall provide resources to provide, on a statewide average, 2,1590 hours per week in extra instruction with fifteen highly capable program students per teacher.

(d) To provide additional allocations to support the increased instructional hours requirements established under RCW 28A.150.220(2)(a), allocations must be based on the full-time equivalent student enrollment in grades seven through twelve. The minimum allocation for the programs must provide resources to provide, on a statewide average, 2,220 hours per week in extra instruction with fifteen eligible students per teacher.

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

(12)(a) For the purposes of allocations for prototypical high schools and middle schools under subsections (4) and (10) of this section that are based on the percent of students in the school who are eligible for free and reduced-price meals, the actual percent of such students in a school shall be adjusted by a factor identified in the omnibus appropriations act to reflect underreporting of free and reduced-price meal eligibility among middle and high school students.

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

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

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

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

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

**Sec. 704.** RCW 28A.150.315 and 2012 c 51 s 1 are each amended to read as follows:

(1) Beginning with the 2007-08 school year, funding for voluntary all-day kindergarten programs shall be phased-in beginning with schools with the highest poverty levels, defined as those schools with the highest percentages of students qualifying for free and reduced-price lunch support in the prior school year. ~~((During))~~ Beginning with the ((2011-2013)) 2013-2015 biennium, funding enhancements shall ((continue to)) be phased-in each year ((until)) in a linear fashion each biennium in order to achieve full statewide implementation of all-day kindergarten is achieved in the 2017-18 school year. Once a school receives funding for the all-day kindergarten program, that school shall remain eligible for funding in subsequent school years regardless of changes in the school's percentage of students eligible for free and reduced-price lunches as long as other program requirements are fulfilled. Additionally, schools receiving all-day kindergarten program support shall agree to the following conditions:

(a) Provide at least a one thousand-hour instructional program;

(b) Provide a curriculum that offers a rich, varied set of experiences that assist students in:

(i) Developing initial skills in the academic areas of reading, mathematics, and writing;

(ii) Developing a variety of communication skills;

(iii) Providing experiences in science, social studies, arts, health and physical education, and a world language other than English;

(iv) Acquiring large and small motor skills;

(v) Acquiring social and emotional skills including successful participation in learning activities as an individual and as part of a group; and

(vi) Learning through hands-on experiences;

(c) Establish learning environments that are developmentally appropriate and promote creativity;

(d) Demonstrate strong connections and communication with early learning community providers; and

(e) Participate in kindergarten program readiness activities with early learning providers and parents.

(2)(a) It is the intent of the legislature that administration of the Washington kindergarten inventory of developing skills as required in this subsection (2) and RCW 28A.655.080 replace administration of other assessments being required by school districts or that other

assessments only be administered if they seek to obtain information not covered by the Washington kindergarten inventory of developing skills.

(b) In addition to the requirements in subsection (1) of this section and to the extent funds are available, beginning with the 2011-12 school year on a voluntary basis, schools must identify the skills, knowledge, and characteristics of kindergarten students at the beginning of the school year in order to support social-emotional, physical, and cognitive growth and development of individual children; support early learning provider and parent involvement; and inform instruction. Kindergarten teachers shall administer the Washington kindergarten inventory of developing skills, as directed by the superintendent of public instruction in consultation with the department of early learning and in collaboration with the nongovernmental private-public partnership designated in RCW 43.215.070, and report the results to the superintendent. The superintendent shall share the results with the director of the department of early learning.

(c) School districts shall provide an opportunity for parents and guardians to excuse their children from participation in the Washington kindergarten inventory of developing skills.

(3) Subject to funds appropriated for this purpose, the superintendent of public instruction shall designate one or more school districts to serve as resources and examples of best practices in designing and operating a high-quality all-day kindergarten program. Designated school districts shall serve as lighthouse programs and provide technical assistance to other school districts in the initial stages of implementing an all-day kindergarten program. Examples of topics addressed by the technical assistance include strategic planning, developing the instructional program and curriculum, working with early learning providers to identify students and communicate with parents, and developing kindergarten program readiness activities.

**Sec. 705.** RCW 28A.160.192 and 2011 1st sp.s. c 27 s 3 are each amended to read as follows:

(1) The superintendent of public instruction shall phase-in the implementation of the distribution formula under this chapter for allocating state funds to school districts for the transportation of students to and from school. The phase-in shall (~~begin no later than the 2011-2013 biennium and~~) be fully implemented by the end of the 2013-2015 biennium.

(a) The formula must be developed and revised on an ongoing basis using the major cost factors in student transportation, including basic and special student loads, school district land area, average distance to school, roadway miles, and number of locations served. Factors must include all those site characteristics that are statistically significant after analysis of the data required by the revised reporting process.

(b) The formula must allocate funds to school districts based on the average predicted costs of transporting students to and from school, using a regression analysis. Only factors that are statistically significant shall be used in the regression analysis. Employee compensation costs included in the allowable transportation expenditures used for the purpose of establishing each school district's independent variable in the regression analysis shall be limited to the base salary or hourly wage rates, fringe benefit rates, and applicable health care rates provided in the omnibus appropriations act.

(2) During the phase-in period, funding provided to school districts for student transportation operations shall be distributed on the following basis:

(a) Annually, each school district shall receive the lesser of the previous school year's pupil transportation operations allocation, or the total of allowable pupil transportation expenditures identified on the previous school year's final expenditure report to the state plus

district indirect expenses using the federal restricted indirect rate as calculated in the district annual financial report;

(b) Annually, the amount identified in (a) of this subsection shall be adjusted for any budgeted increases provided in the omnibus appropriations act for salaries or fringe benefits;

(c) Annually, any funds appropriated by the legislature in excess of the maintenance level funding amount for student transportation shall be distributed among school districts on a prorated basis using the difference between the amount identified in (a) adjusted by (b) of this subsection and the amount determined under the formula in RCW 28A.160.180; and

(d) Allocations provided to recognize the cost of depreciation to districts contracting with private carriers for student transportation shall be deducted from the allowable transportation expenditures in (a) of this subsection.

**Sec. 706.** RCW 28A.405.106 and 2012 c 35 s 5 are each amended to read as follows:

(1) (~~Subject to funds appropriated for this purpose,~~) The office of the superintendent of public instruction must develop and make available a professional development program to support the implementation of the evaluation systems required by RCW 28A.405.100. The program components may be organized into professional development modules for principals, administrators, and teachers. The professional development program shall include a comprehensive online training package.

(2) The training program must include, but not be limited to, the following topics:

(a) Introduction of the evaluation criteria for teachers and principals and the four-level rating system;

(b) Orientation to and use of instructional frameworks;

(c) Orientation to and use of the leadership frameworks;

(d) Best practices in developing and using data in the evaluation systems, including multiple measures, student growth data, classroom observations, and other measures and evidence;

(e) Strategies for achieving maximum rater agreement;

(f) Evaluator feedback protocols in the evaluation systems;

(g) Examples of high quality teaching and leadership; and

(h) Methods to link the evaluation process to ongoing educator professional development.

(3) To the maximum extent feasible, the professional development program must incorporate or adapt existing online training or curriculum, including securing materials or curriculum under contract or purchase agreements within available funds. Multiple modes of instruction should be incorporated including videos of classroom teaching, participatory exercises, and other engaging combinations of online audio, video, and print presentation.

(4) The professional development program must be developed in modules that allow:

(a) Access to material over a reasonable number of training sessions;

(b) Delivery in person or online; and

(c) Use in a self-directed manner.

(5) The office of the superintendent of public instruction must maintain a web site that includes the online professional development materials along with sample evaluation forms and templates, links to relevant research on evaluation and on high quality teaching and leadership, samples of contract and collective bargaining language on key topics, examples of multiple measures of teacher and principal performance, suggestions for data to measure student growth, and other tools that will assist school districts in implementing the revised evaluation systems.

(6) The office of the superintendent of public instruction must identify the number of in-service training hours associated with each professional development module and develop a way for users to document their completion of the training. Documented

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completion of the training under this section is considered approved in-service training for the purposes of RCW 28A.415.020.

(7) The office of the superintendent of public instruction shall periodically update the modules to reflect new topics and research on performance evaluation so that the training serves as an ongoing source of continuing education and professional development.

(8) The office of the superintendent of public instruction shall work with the educational service districts to provide clearinghouse services for the identification and publication of professional development opportunities for teachers and principals that align with performance evaluation criteria.

(9) The training program must be funded at a level that allows for training of both principals and teachers on both an initial and ongoing basis and provides for the development of a small team of staff from each district on the appropriate use of student growth measures. The training program must provide eight hours of training for every teacher in the state.

**NEW SECTION. Sec. 707.** A new section is added to chapter 28A.310 RCW to read as follows:

(1) An English language arts instructional coach program is authorized, which shall consist of an English language arts instructional coach at each educational service district. The purpose of the English language arts instructional coach program is to build statewide capacity at the regional levels for implementing the new common core standards in English language arts and enable all educators within all programs to successfully support strong teaching and learning in English language arts.

(2) Educational service districts shall carefully select the individuals to perform the role of English language arts instructional coach. Characteristics to be considered for a successful coach include:

- (a) Expertise in content area;
- (b) Expertise in various instructional methodologies and personalizing learning;
- (c) Personal skills that include skilled listening, questioning, trust building, and problem solving;
- (d) Understanding and appreciation for the differences in adult learners and student learners; and

(e) Capacity for strategic planning and quality program implementation.

(3) The role of the English language arts instructional coach is focused on supporting teachers as they apply knowledge, develop skills, polish techniques, and deepen their understanding of content and instructional practices. This work takes a number of forms including: Individualized professional development, department-wide and school-wide professional development, guidance in student data interpretation, and using assessments to guide instruction.

(4) The English language arts instructional coach program in this section shall be implemented to the extent funds are available for that purpose.

**NEW SECTION. Sec. 708.** (1) Beginning in the 2013-14 school year, the legislature shall provide the following average state salary allocations for one full-time equivalent certificated administrative staff and classified staff recognized in the prototypical school model in RCW 28A.150.260 or the certificated administrative and classified salary allocation amounts shown on LEAP Document 2 for the 2010-11 school year, whichever is higher:

2013-14	
School	
Year	
Certificated administrative staff	\$63,261
Classified staff	\$32,847
	2014-15

School Year

Certificated administrative staff \$68,536

Classified staff \$33,830

(2) For the purposes of this section, "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 May 23, 2011, at 16:10 hours.

(3) The allocations established in subsection (1) of this section shall be adjusted for Initiative 732 cost-of-living increases as provided in the omnibus appropriations act.

(4) The allocations established in subsection (1) of this section are intended to be only the initial step in enhancing salary allocations.

(5) This section expires August 1, 2015.

**NEW SECTION. Sec. 709.** (1) The sum of one million two hundred eighty-five thousand dollars, or as much thereof as may be necessary, is appropriated for the fiscal year ending June 30, 2014, from the general fund to the office of the superintendent of public instruction to be distributed to the educational service districts for the purposes of section 707 of this act.

(2) The sum of one million two hundred eighty-five thousand dollars, or as much thereof as may be necessary, is appropriated for the fiscal year ending June 30, 2015, from the general fund to the office of the superintendent of public instruction to be distributed to the educational service districts for the purposes of section 707 of this act.

Renumber the remaining part and sections consecutively.

On page 42, after line 19 of the amendment, insert the following:

**"NEW SECTION. Sec. 703.** Section 709 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2013."

Renumber the remaining section consecutively.

On page 43, beginning on line 3 of the title amendment, after "28A.525.162," strike "and 28A.525.166" and insert "28A.525.166, 28A.150.220, 28A.150.260, 28A.150.315, 28A.160.192, and 28A.405.106;"

On page 43, line 9 of the title amendment, after "28A.250 RCW;" insert "adding a new section to chapter 28A.310 RCW;"

On page 43, line 12 of the title amendment, after "28A.415.260;" insert "making appropriations; providing an effective date; providing an expiration date;"

Senators Rolfes and Frockt spoke in favor of adoption of the amendment to the striking amendment.

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

The President Pro Tempore declared the question before the Senate to be the adoption of the amendment by Senator Rolfes and others on page 42, after line 2 to the striking amendment to Substitute Senate Bill No. 5946.

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

#### MOTION

On motion of Senator Billig, Senator Hobbs was excused.

The President Pro Tempore declared the question before the Senate to be the adoption of the striking amendment by Senator Dammeier to Substitute Senate Bill No. 5946.

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

The motion by Senator Dammeier 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 "outcomes;" strike the remainder of the title and insert "amending RCW 28A.165.005, 28A.165.015, 28A.165.035, 28A.165.055, 28A.165.065, 28A.600.015, 28A.600.020, 28A.600.410, 28A.600.460, 28A.300.046, 28A.300.042, 28A.415.010, 28A.150.325, 28A.250.010, 28A.250.020, 28A.250.050, 28A.250.060, 28A.250.070, 28A.225.225, 28A.150.100, 28A.525.162, and 28A.525.166; amending 2011 1st sp.s. c 34 s 1 (unmodified); reenacting and amending RCW 28A.225.220; adding a new section to chapter 28A.300 RCW; adding new sections to chapter 28A.320 RCW; adding new sections to chapter 28A.415 RCW; adding new sections to chapter 28A.655 RCW; adding a new section to chapter 28A.165 RCW; adding new sections to chapter 28A.600 RCW; adding a new section to chapter 28A.250 RCW; adding a new chapter to Title 28A RCW; creating new sections; recodifying RCW 28A.150.325; repealing RCW 28A.150.262, 28A.165.025, 28A.165.045, 28A.415.250, and 28A.415.260; and declaring an emergency."

#### MOTION

On motion of Senator Dammeier, the rules were suspended, Engrossed Substitute Senate Bill No. 5946 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Dammeier and Roach spoke in favor of passage of the bill.

Senator McAuliffe, Frockt, Hargrove and Hasegawa spoke against passage of the bill.

Senators Conway and Mullet spoke on final passage.

The President Pro Tempore declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5946.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5946 and the bill passed the Senate by the following vote: Yeas, 26; Nays, 22; Absent, 0; Excused, 1.

Voting yea: Senators Bailey, Baumgartner, Becker, Benton, Braun, Brown, Dammeier, Ericksen, Fain, Hatfield, Hewitt, Hill, Holmquist Newbry, Honeyford, King, Litzow, O'Ban, Padden, Parlette, Pearson, Rivers, Roach, Schoesler, Sheldon, Smith and Tom

Voting nay: Senators Billig, Chase, Cleveland, Conway, Darneille, Eide, Fraser, Frockt, Hargrove, Harper, Hasegawa, Keiser, Kline, Kohl-Welles, McAuliffe, Mullet, Murray, Nelson, Ranker, Rolfes, Schlicher and Shin

Excused: Senator Hobbs

ENGROSSED SUBSTITUTE SENATE BILL NO. 5946, 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 Fain, the Senate advanced to the seventh order of business.

#### THIRD READING

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5296, by Senate Committee on Energy, Environment & Telecommunications (originally sponsored by Senators Ericksen, Baumgartner, Rivers, Bailey, Delvin and Honeyford).

Concerning the model toxics control act.

The bill was read on Third Reading.

#### MOTION

On motion of Senator Ericksen, the rules were suspended and Engrossed Second Substitute Senate Bill No. 5296 was returned to second reading for the purpose of amendment.

#### SECOND READING

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5296, by Senate Committee on Energy, Environment & Telecommunications (originally sponsored by Senators Ericksen, Baumgartner, Rivers, Bailey, Delvin and Honeyford)

Concerning the model toxics control act.

The measure was read the second time.

#### MOTION

Senator Ericksen moved that the following striking amendment by Senators Ericksen and Ranker be adopted:

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** The legislature finds that there are a large number of toxic waste sites that have been identified in the department of ecology's priority list as ready for immediate cleanup. The legislature further finds that addressing the cleanup of these toxic waste sites will provide needed jobs to citizens of Washington state. It is the intent of the legislature to prioritize the spending of revenues under chapter 70.105D RCW, the model toxics control act, on cleaning up the most toxic sites, while also providing jobs in communities around the state.

**Sec. 2.** RCW 70.105D.020 and 2007 c 104 s 18 are each amended to read as follows:

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

(1) "Agreed order" means an order issued by the department under this chapter with which the potentially liable person or prospective purchaser receiving the order agrees to comply. An agreed order may be used to require or approve any cleanup or other remedial actions but it is not a settlement under RCW 70.105D.040(4) and shall not contain a covenant not to sue, or provide protection from claims for contribution, or provide eligibility for public funding of remedial actions under RCW 70.105D.070 ~~((2)(d)(xi))~~ **(3)(k) and (q).**

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

(3) "Director" means the director of ecology or the director's designee.

(4) "Environmental covenant" has the same meaning as defined in RCW 64.70.020.

(5) "Facility" means (a) any building, structure, installation, equipment, pipe or pipeline (including any pipe into a sewer or publicly owned treatment works), well, pit, pond, lagoon, impoundment, ditch, landfill, storage container, motor vehicle,

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rolling stock, vessel, or aircraft, or (b) any site or area where a hazardous substance, other than a consumer product in consumer use, has been deposited, stored, disposed of, or placed, or otherwise come to be located.

(6) "Federal cleanup law" means the federal comprehensive environmental response, compensation, and liability act of 1980, 42 U.S.C. Sec. 9601 et seq., as amended by Public Law 99-499.

(7)(a) "Fiduciary" means a person acting for the benefit of another party as a bona fide trustee; executor; administrator; custodian; guardian of estates or guardian ad litem; receiver; conservator; committee of estates of incapacitated persons; trustee in bankruptcy; trustee, under an indenture agreement, trust agreement, lease, or similar financing agreement, for debt securities, certificates of interest or certificates of participation in debt securities, or other forms of indebtedness as to which the trustee is not, in the capacity of trustee, the lender. Except as provided in subsection (17)(b)(iii) of this section, the liability of a fiduciary under this chapter shall not exceed the assets held in the fiduciary capacity.

(b) "Fiduciary" does not mean:

(i) A person acting as a fiduciary with respect to a trust or other fiduciary estate that was organized for the primary purpose of, or is engaged in, actively carrying on a trade or business for profit, unless the trust or other fiduciary estate was created as part of, or to facilitate, one or more estate plans or because of the incapacity of a natural person;

(ii) A person who acquires ownership or control of a facility with the objective purpose of avoiding liability of the person or any other person. It is prima facie evidence that the fiduciary acquired ownership or control of the facility to avoid liability if the facility is the only substantial asset in the fiduciary estate at the time the facility became subject to the fiduciary estate;

(iii) A person who acts in a capacity other than that of a fiduciary or in a beneficiary capacity and in that capacity directly or indirectly benefits from a trust or fiduciary relationship;

(iv) A person who is a beneficiary and fiduciary with respect to the same fiduciary estate, and who while acting as a fiduciary receives benefits that exceed customary or reasonable compensation, and incidental benefits permitted under applicable law;

(v) A person who is a fiduciary and receives benefits that substantially exceed customary or reasonable compensation, and incidental benefits permitted under applicable law; or

(vi) A person who acts in the capacity of trustee of state or federal lands or resources.

(8) "Fiduciary capacity" means the capacity of a person holding title to a facility, or otherwise having control of an interest in the facility pursuant to the exercise of the responsibilities of the person as a fiduciary.

(9) "Foreclosure and its equivalents" means purchase at a foreclosure sale, acquisition, or assignment of title in lieu of foreclosure, termination of a lease, or other repossession, acquisition of a right to title or possession, an agreement in satisfaction of the obligation, or any other comparable formal or informal manner, whether pursuant to law or under warranties, covenants, conditions, representations, or promises from the borrower, by which the holder acquires title to or possession of a facility securing a loan or other obligation.

(10) "Hazardous substance" means:

(a) Any dangerous or extremely hazardous waste as defined in RCW 70.105.010 ~~((5) and (6))~~ (1) and (7), or any dangerous or extremely hazardous waste designated by rule pursuant to chapter 70.105 RCW;

(b) Any hazardous substance as defined in RCW 70.105.010 ~~((44))~~ (10) or any hazardous substance as defined by rule pursuant to chapter 70.105 RCW;

(c) Any substance that, on March 1, 1989, is a hazardous substance under section 101(14) of the federal cleanup law, 42 U.S.C. Sec. 9601(14);

(d) Petroleum or petroleum products; and

(e) Any substance or category of substances, including solid waste decomposition products, determined by the director by rule to present a threat to human health or the environment if released into the environment.

The term hazardous substance does not include any of the following when contained in an underground storage tank from which there is not a release: Crude oil or any fraction thereof or petroleum, if the tank is in compliance with all applicable federal, state, and local law.

(11) "Holder" means a person who holds indicia of ownership primarily to protect a security interest. A holder includes the initial holder such as the loan originator, any subsequent holder such as a successor-in-interest or subsequent purchaser of the security interest on the secondary market, a guarantor of an obligation, surety, or any other person who holds indicia of ownership primarily to protect a security interest, or a receiver, court-appointed trustee, or other person who acts on behalf or for the benefit of a holder. A holder can be a public or privately owned financial institution, receiver, conservator, loan guarantor, or other similar persons that loan money or guarantee repayment of a loan. Holders typically are banks or savings and loan institutions but may also include others such as insurance companies, pension funds, or private individuals that engage in loaning of money or credit.

(12) "Independent remedial actions" means remedial actions conducted without department oversight or approval, and not under an order, agreed order, or consent decree.

(13) "Indicia of ownership" means evidence of a security interest, evidence of an interest in a security interest, or evidence of an interest in a facility securing a loan or other obligation, including any legal or equitable title to a facility acquired incident to foreclosure and its equivalents. Evidence of such interests includes, mortgages, deeds of trust, sellers interest in a real estate contract, liens, surety bonds, and guarantees of obligations, title held pursuant to a lease financing transaction in which the lessor does not select initially the leased facility, or legal or equitable title obtained pursuant to foreclosure and their equivalents. Evidence of such interests also includes assignments, pledges, or other rights to or other forms of encumbrance against the facility that are held primarily to protect a security interest.

(14) "Industrial properties" means properties that are or have been characterized by, or are to be committed to, traditional industrial uses such as processing or manufacturing of materials, marine terminal and transportation areas and facilities, fabrication, assembly, treatment, or distribution of manufactured products, or storage of bulk materials, that are either:

(a) Zoned for industrial use by a city or county conducting land use planning under chapter 36.70A RCW; or

(b) For counties not planning under chapter 36.70A RCW and the cities within them, zoned for industrial use and adjacent to properties currently used or designated for industrial purposes.

(15) "Institutional controls" means measures undertaken to limit or prohibit activities that may interfere with the integrity of a remedial action or result in exposure to or migration of hazardous substances at a site. "Institutional controls" include environmental covenants.

(16) "Operating a facility primarily to protect a security interest" occurs when all of the following are met: (a) Operating the facility where the borrower has defaulted on the loan or otherwise breached

the security agreement; (b) operating the facility to preserve the value of the facility as an ongoing business; (c) the operation is being done in anticipation of a sale, transfer, or assignment of the facility; and (d) the operation is being done primarily to protect a security interest. Operating a facility for longer than one year prior to foreclosure or its equivalents shall be presumed to be operating the facility for other than to protect a security interest.

(17) "Owner or operator" means:

(a) Any person with any ownership interest in the facility or who exercises any control over the facility; or

(b) In the case of an abandoned facility, any person who had owned, or operated, or exercised control over the facility any time before its abandonment;

The term does not include:

(i) An agency of the state or unit of local government which acquired ownership or control through a drug forfeiture action under RCW 69.50.505, or involuntarily through bankruptcy, tax delinquency, abandonment, or other circumstances in which the government involuntarily acquires title. This exclusion does not apply to an agency of the state or unit of local government which has caused or contributed to the release or threatened release of a hazardous substance from the facility;

(ii) A person who, without participating in the management of a facility, holds indicia of ownership primarily to protect the person's security interest in the facility. Holders after foreclosure and its equivalent and holders who engage in any of the activities identified in subsection (18)(e) through (g) of this section shall not lose this exemption provided the holder complies with all of the following:

(A) The holder properly maintains the environmental compliance measures already in place at the facility;

(B) The holder complies with the reporting requirements in the rules adopted under this chapter;

(C) The holder complies with any order issued to the holder by the department to abate an imminent or substantial endangerment;

(D) The holder allows the department or potentially liable persons under an order, agreed order, or settlement agreement under this chapter access to the facility to conduct remedial actions and does not impede the conduct of such remedial actions;

(E) Any remedial actions conducted by the holder are in compliance with any preexisting requirements identified by the department, or, if the department has not identified such requirements for the facility, the remedial actions are conducted consistent with the rules adopted under this chapter; and

(F) The holder does not exacerbate an existing release. The exemption in this subsection (17)(b)(ii) does not apply to holders who cause or contribute to a new release or threatened release or who are otherwise liable under RCW 70.105D.040(1) (b), (c), (d), and (e); provided, however, that a holder shall not lose this exemption if it establishes that any such new release has been remediated according to the requirements of this chapter and that any hazardous substances remaining at the facility after remediation of the new release are divisible from such new release;

(iii) A fiduciary in his, her, or its personal or individual capacity. This exemption does not preclude a claim against the assets of the estate or trust administered by the fiduciary or against a nonemployee agent or independent contractor retained by a fiduciary. This exemption also does not apply to the extent that a person is liable under this chapter independently of the person's ownership as a fiduciary or for actions taken in a fiduciary capacity which cause or contribute to a new release or exacerbate an existing release of hazardous substances. This exemption applies provided that, to the extent of the fiduciary's powers granted by law or by the applicable governing instrument granting fiduciary powers, the fiduciary complies with all of the following:

(A) The fiduciary properly maintains the environmental compliance measures already in place at the facility;

(B) The fiduciary complies with the reporting requirements in the rules adopted under this chapter;

(C) The fiduciary complies with any order issued to the fiduciary by the department to abate an imminent or substantial endangerment;

(D) The fiduciary allows the department or potentially liable persons under an order, agreed order, or settlement agreement under this chapter access to the facility to conduct remedial actions and does not impede the conduct of such remedial actions;

(E) Any remedial actions conducted by the fiduciary are in compliance with any preexisting requirements identified by the department, or, if the department has not identified such requirements for the facility, the remedial actions are conducted consistent with the rules adopted under this chapter; and

(F) The fiduciary does not exacerbate an existing release.

The exemption in this subsection (17)(b)(iii) does not apply to fiduciaries who cause or contribute to a new release or threatened release or who are otherwise liable under RCW 70.105D.040(1) (b), (c), (d), and (e); provided however, that a fiduciary shall not lose this exemption if it establishes that any such new release has been remediated according to the requirements of this chapter and that any hazardous substances remaining at the facility after remediation of the new release are divisible from such new release. The exemption in this subsection (17)(b)(iii) also does not apply where the fiduciary's powers to comply with this subsection (17)(b)(iii) are limited by a governing instrument created with the objective purpose of avoiding liability under this chapter or of avoiding compliance with this chapter; or

(iv) Any person who has any ownership interest in, operates, or exercises control over real property where a hazardous substance has come to be located solely as a result of migration of the hazardous substance to the real property through the groundwater from a source off the property, if:

(A) The person can demonstrate that the hazardous substance has not been used, placed, managed, or otherwise handled on the property in a manner likely to cause or contribute to a release of the hazardous substance that has migrated onto the property;

(B) The person has not caused or contributed to the release of the hazardous substance;

(C) The person does not engage in activities that damage or interfere with the operation of remedial actions installed on the person's property or engage in activities that result in exposure of humans or the environment to the contaminated groundwater that has migrated onto the property;

(D) If requested, the person allows the department, potentially liable persons who are subject to an order, agreed order, or consent decree, and the authorized employees, agents, or contractors of each, access to the property to conduct remedial actions required by the department. The person may attempt to negotiate an access agreement before allowing access; and

(E) Legal withdrawal of groundwater does not disqualify a person from the exemption in this subsection (17)(b)(iv).

(18) "Participation in management" means exercising decision-making control over the borrower's operation of the facility, environmental compliance, or assuming or manifesting responsibility for the overall management of the enterprise encompassing the day-to-day decision making of the enterprise.

The term does not include any of the following: (a) A holder with the mere capacity or ability to influence, or the unexercised right to control facility operations; (b) a holder who conducts or requires a borrower to conduct an environmental audit or an environmental site assessment at the facility for which indicia of ownership is held; (c) a holder who requires a borrower to come into compliance with any applicable laws or regulations at the facility for which indicia of ownership is held; (d) a holder who requires a borrower to conduct remedial actions including setting minimum

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requirements, but does not otherwise control or manage the borrower's remedial actions or the scope of the borrower's remedial actions except to prepare a facility for sale, transfer, or assignment; (e) a holder who engages in workout or policing activities primarily to protect the holder's security interest in the facility; (f) a holder who prepares a facility for sale, transfer, or assignment or requires a borrower to prepare a facility for sale, transfer, or assignment; (g) a holder who operates a facility primarily to protect a security interest, or requires a borrower to continue to operate, a facility primarily to protect a security interest; and (h) a prospective holder who, as a condition of becoming a holder, requires an owner or operator to conduct an environmental audit, conduct an environmental site assessment, come into compliance with any applicable laws or regulations, or conduct remedial actions prior to holding a security interest is not participating in the management of the facility.

(19) "Person" means an individual, firm, corporation, association, partnership, consortium, joint venture, commercial entity, state government agency, unit of local government, federal government agency, or Indian tribe.

(20) "Policing activities" means actions the holder takes to ensure that the borrower complies with the terms of the loan or security interest or actions the holder takes or requires the borrower to take to maintain the value of the security. Policing activities include: Requiring the borrower to conduct remedial actions at the facility during the term of the security interest; requiring the borrower to comply or come into compliance with applicable federal, state, and local environmental and other laws, regulations, and permits during the term of the security interest; securing or exercising authority to monitor or inspect the facility including on-site inspections, or to monitor or inspect the borrower's business or financial condition during the term of the security interest; or taking other actions necessary to adequately police the loan or security interest such as requiring a borrower to comply with any warranties, covenants, conditions, representations, or promises from the borrower.

(21) "Potentially liable person" means any person whom the department finds, based on credible evidence, to be liable under RCW 70.105D.040. The department shall give notice to any such person and allow an opportunity for comment before making the finding, unless an emergency requires otherwise.

(22) "Prepare a facility for sale, transfer, or assignment" means to secure access to the facility; perform routine maintenance on the facility; remove inventory, equipment, or structures; properly maintain environmental compliance measures already in place at the facility; conduct remedial actions to cleanup releases at the facility; or to perform other similar activities intended to preserve the value of the facility where the borrower has defaulted on the loan or otherwise breached the security agreement or after foreclosure and its equivalents and in anticipation of a pending sale, transfer, or assignment, primarily to protect the holder's security interest in the facility. A holder can prepare a facility for sale, transfer, or assignment for up to one year prior to foreclosure and its equivalents and still stay within the security interest exemption in subsection (17)(b)(ii) of this section.

(23) "Primarily to protect a security interest" means the indicia of ownership is held primarily for the purpose of securing payment or performance of an obligation. The term does not include indicia of ownership held primarily for investment purposes nor indicia of ownership held primarily for purposes other than as protection for a security interest. A holder may have other, secondary reasons, for maintaining indicia of ownership, but the primary reason must be for protection of a security interest. Holding indicia of ownership after foreclosure or its equivalents for longer than five years shall be considered to be holding the indicia of ownership for purposes other than primarily to protect a security interest. For facilities that have

been acquired through foreclosure or its equivalents prior to July 23, 1995, this five-year period shall begin as of July 23, 1995.

(24) "Public notice" means, at a minimum, adequate notice mailed to all persons who have made timely request of the department and to persons residing in the potentially affected vicinity of the proposed action; mailed to appropriate news media; published in the newspaper of largest circulation in the city or county of the proposed action; and opportunity for interested persons to comment.

(25) "Release" means any intentional or unintentional entry of any hazardous substance into the environment, including but not limited to the abandonment or disposal of containers of hazardous substances.

(26) "Remedy" or "remedial action" means any action or expenditure consistent with the purposes of this chapter to identify, eliminate, or minimize any threat or potential threat posed by hazardous substances to human health or the environment including any investigative and monitoring activities with respect to any release or threatened release of a hazardous substance and any health assessments or health effects studies conducted in order to determine the risk or potential risk to human health.

(27) "Security interest" means an interest in a facility created or established for the purpose of securing a loan or other obligation. Security interests include deeds of trusts, sellers interest in a real estate contract, liens, legal, or equitable title to a facility acquired incident to foreclosure and its equivalents, and title pursuant to lease financing transactions. Security interests may also arise from transactions such as sale and leasebacks, conditional sales, installment sales, trust receipt transactions, certain assignments, factoring agreements, accounts receivable financing arrangements, easements, and consignments, if the transaction creates or establishes an interest in a facility for the purpose of securing a loan or other obligation.

(28) "Workout activities" means those actions by which a holder, at any time prior to foreclosure and its equivalents, seeks to prevent, cure, or mitigate a default by the borrower or obligor; or to preserve, or prevent the diminution of, the value of the security. Workout activities include: Restructuring or renegotiating the terms of the security interest; requiring payment of additional rent or interest; exercising forbearance; requiring or exercising rights pursuant to an assignment of accounts or other amounts owed to an obligor; requiring or exercising rights pursuant to an escrow agreement pertaining to amounts owed to an obligor; providing specific or general financial or other advice, suggestions, counseling, or guidance; and exercising any right or remedy the holder is entitled to by law or under any warranties, covenants, conditions, representations, or promises from the borrower.

(29) "Areawide groundwater contamination" means groundwater contamination on multiple adjacent properties with different ownerships consisting of hazardous substances from multiple sources that have resulted in commingled plumes of contaminated groundwater that are not practicable to address separately.

(30) "Brownfield property" means previously developed and currently abandoned or underutilized real property and adjacent surface waters and sediment where environmental, economic, or community reuse objectives are hindered by the release or threatened release of hazardous substances that the department has determined requires remedial action under this chapter or that the United States environmental protection agency has determined requires remedial action under the federal cleanup law.

(31) "City" means a city or town.

(32) "Local government" means any political subdivision of the state, including a town, city, county, special purpose district, or other municipal corporation, including brownfield renewal authority created under section 5 of this act.

(33) "Model remedy" or "model remedial action" means a set of technologies, procedures, and monitoring protocols identified by the department for use in routine types of clean-up projects at facilities that have common features and lower risk to human health and the environment.

(34) "Prospective purchaser" means a person who is not currently liable for remedial action at a facility and who proposes to purchase, redevelop, or reuse the facility.

(35) "Redevelopment opportunity zone" means a geographic area designated under section 4 of this act.

**NEW SECTION. Sec. 3.** A new section is added to chapter 70.105D RCW to read as follows:

(1) The brownfield redevelopment trust fund account is created in the state treasury. 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 brownfield redevelopment trust fund account:

(a) Moneys appropriated by the legislature to the account for a specific redevelopment opportunity zone established under section 4 of this act or a specific brownfield renewal authority established under section 5 of this act;

(b) Moneys voluntarily deposited in the account for a specific redevelopment opportunity zone or a specific brownfield renewal authority; and

(c) Receipts from settlements or court orders that direct payment to the account for a specific redevelopment opportunity zone to resolve a person's liability or potential liability under this chapter.

(3) If a settlement or court order does not direct payment of receipts described in subsection (2)(c) of this section into the brownfield redevelopment trust fund account, then the receipts from any payment to the state must be deposited into the state toxics control account established under RCW 70.105D.070.

(4) Expenditures from the brownfield redevelopment trust fund account may only be used for the purposes of remediation and cleanup at the specific redevelopment opportunity zone or specific brownfield renewal authority for which the moneys were deposited in the account.

(5) The department shall track moneys received, interest earned, and moneys expended separately for each facility.

(6) The account must retain its interest earnings in accordance with RCW 43.84.092.

(7) The local government designating the redevelopment opportunity zone under section 4 of this act or the associated brownfield renewal authority created under section 5 of this act must be the beneficiary of the deposited moneys.

(8) All expenditures must be used to conduct remediation and cleanup consistent with a plan for the remediation and cleanup of the properties or facilities approved by the department under this chapter. All expenditures must meet the eligibility requirements for the use by local governments under the rules for remedial action grants adopted by the department under this chapter, including requirements for the expenditure of nonstate match funding.

(9) Beginning October 31, 2015, the department must provide a biennial report to the office of financial management and the legislature regarding the activity for each specific redevelopment opportunity zone or specific brownfield renewal authority for which specific legislative appropriation was provided in the previous two fiscal years.

(10) After the department determines that all remedial actions within the redevelopment opportunity zone identified in the plan approved under subsection (8) of this section are completed, including payment of all cost reasonably attributable to the remedial actions and cleanup, any remaining moneys must be transferred to

the state toxics control account established under RCW 70.105D.070.

(11) If the department determines that substantial progress has not been made on the plan approved under subsection (8) of this section for a redevelopment opportunity zone or specific brownfield renewal authority for which moneys were deposited in the account within six years, or that the brownfield renewal authority is no longer a viable entity, then all remaining moneys must be transferred to the state toxics control account established under RCW 70.105D.070.

(12) The department is authorized to adopt rules to implement this section.

**NEW SECTION. Sec. 4.** A new section is added to chapter 70.105D RCW to read as follows:

(1) A city or county may designate a geographic area within its jurisdiction as a redevelopment opportunity zone if the zone meets the criteria in this subsection and the city or county adopts a resolution that includes the following determinations and commitments:

(a) At least fifty percent of the upland properties in the zone are brownfield properties whether or not the properties are contiguous;

(b) The upland portions of the zone are comprised entirely of parcels of property either owned by the city or county or whose owner has provided consent in writing to have their property included within the zone;

(c) The cleanup of brownfield properties will be integrated with planning for the future uses of the properties and is consistent with the comprehensive land use plan for the zone; and

(d) The proposed properties lie within the incorporated area of a city or within an urban growth area designated under RCW 36.70A.110.

(2) A port district may designate a redevelopment opportunity zone when:

(a) The port district adopts a resolution that includes the determinations and commitments required under subsection (1)(a), (c), and (d) of this section and (c) of this subsection;

(b) The zone meets the criteria in subsection (1)(a), (c), and (d) of this section; and

(c) The port district either:

(i) Owns in fee all of the upland properties within the zone; or

(ii) Owns in fee at least fifty percent of the upland property in the zone, the owners of other parcels of upland property in the zone have provided consent in writing to have their property included in the zone, and the governing body of the city and county in which the zone lies approves of the designation by resolution.

**NEW SECTION. Sec. 5.** A new section is added to chapter 70.105D RCW to read as follows:

(1) A city, county, or port district may establish by resolution a brownfield renewal authority for the purpose of guiding and implementing the cleanup and reuse of properties within a designated redevelopment opportunity zone. Any combination of cities, counties, and port districts may establish a brownfield renewal authority through an interlocal agreement under chapter 39.34 RCW, and the brownfield renewal authority may exercise those powers as are authorized under chapter 39.34 RCW and under this chapter.

(2) A brownfield renewal authority must be governed by a board of directors selected as determined by the resolution or interlocal agreement establishing the authority.

(3) A brownfield renewal authority must be a separate legal entity and be deemed a municipal corporation. It has the power to: Sue and be sued; receive, account for, and disburse funds; employ personnel; and acquire or dispose of any interest in real or personal property within a redevelopment opportunity zone in the furtherance of the authority purposes. A brownfield renewal authority has the power to contract indebtedness and to issue and sell general

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obligation bonds pursuant to and in the manner provided for general county bonds in chapters 36.67 and 39.46 RCW and other applicable statutes, and to issue revenue bonds pursuant to and in the manner provided for revenue bonds in chapter 36.67 RCW and other applicable statutes.

(4) If the department determines that substantial progress has not been made on the plan approved under section 3 of this act by the brownfield renewal authority within six years of a city, county, or port district establishing a brownfield renewal authority, the department may require dissolution of the brownfield renewal authority. Upon dissolution of the brownfield renewal authority, except as provided in section 3 of this act, all assets and liabilities transfer to the city, town, or port district establishing the brownfield renewal authority.

**Sec. 6.** RCW 70.105D.030 and 2009 c 560 s 10 are each amended to read as follows:

(1) The department may exercise the following powers in addition to any other powers granted by law:

(a) Investigate, provide for investigating, or require potentially liable persons to investigate any releases or threatened releases of hazardous substances, including but not limited to inspecting, sampling, or testing to determine the nature or extent of any release or threatened release. If there is a reasonable basis to believe that a release or threatened release of a hazardous substance may exist, the department's authorized employees, agents, or contractors may enter upon any property and conduct investigations. The department shall give reasonable notice before entering property unless an emergency prevents such notice. The department may by subpoena require the attendance or testimony of witnesses and the production of documents or other information that the department deems necessary;

(b) Conduct, provide for conducting, or require potentially liable persons to conduct remedial actions (including investigations under (a) of this subsection) to remedy releases or threatened releases of hazardous substances. In carrying out such powers, the department's authorized employees, agents, or contractors may enter upon property. The department shall give reasonable notice before entering property unless an emergency prevents such notice. In conducting, providing for, or requiring remedial action, the department shall give preference to permanent solutions to the maximum extent practicable and shall provide for or require adequate monitoring to ensure the effectiveness of the remedial action;

(c) Indemnify contractors retained by the department for carrying out investigations and remedial actions, but not for any contractor's reckless or willful misconduct;

(d) Carry out all state programs authorized under the federal cleanup law and the federal resource, conservation, and recovery act, 42 U.S.C. Sec. 6901 et seq., as amended;

(e) Classify substances as hazardous substances for purposes of RCW 70.105D.020 and classify substances and products as hazardous substances for purposes of RCW 82.21.020(1);

(f) Issue orders or enter into consent decrees or agreed orders that include, or issue written opinions under (i) of this subsection that may be conditioned upon, environmental covenants where necessary to protect human health and the environment from a release or threatened release of a hazardous substance from a facility. Prior to establishing an environmental covenant under this subsection, the department shall consult with and seek comment from a city or county department with land use planning authority for real property subject to the environmental covenant;

(g) Enforce the application of permanent and effective institutional controls that are necessary for a remedial action to be protective of human health and the environment and the notification requirements established in RCW 70.105D.110, and impose

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penalties for violations of that section consistent with RCW 70.105D.050;

(h) Require holders to conduct remedial actions necessary to abate an imminent or substantial endangerment pursuant to RCW 70.105D.020(17)(b)(ii)(C);

(i) Provide informal advice and assistance to persons regarding the administrative and technical requirements of this chapter. This may include site-specific advice to persons who are conducting or otherwise interested in independent remedial actions. Any such advice or assistance shall be advisory only, and shall not be binding on the department. As a part of providing this advice and assistance for independent remedial actions, the department may prepare written opinions regarding whether the independent remedial actions or proposals for those actions meet the substantive requirements of this chapter or whether the department believes further remedial action is necessary at the facility. Nothing in this chapter may be construed to preclude the department from issuing a written opinion on whether further remedial action is necessary at any portion of the real property located within a facility, even if further remedial action is still necessary elsewhere at the same facility. Such a written opinion on a portion of a facility must also provide an opinion on the status of the facility as a whole. The department may collect, from persons requesting advice and assistance, the costs incurred by the department in providing such advice and assistance; however, the department shall, where appropriate, waive collection of costs in order to provide an appropriate level of technical assistance in support of public participation. The state, the department, and officers and employees of the state are immune from all liability, and no cause of action of any nature may arise from any act or omission in providing, or failing to provide, informal advice and assistance. The department must track the number of requests for reviews of planned or completed independent remedial actions and establish performance measures to track how quickly the department is able to respond to those requests. By November 1, 2015, the department must submit to the governor and the appropriate legislative fiscal and policy committees a report on achieving the performance measures and provide recommendations for improving performance, including staffing needs; ~~(and)~~

(j) In fulfilling the objectives of this chapter, the department shall allocate staffing and financial assistance in a manner that considers both the reduction of human and environmental risks and the land reuse potential and planning for the facilities to be cleaned up. This does not preclude the department from allocating resources to a facility based solely on human or environmental risks;

(k) Establish model remedies for common categories of facilities, types of hazardous substances, types of media, or geographic areas to streamline and accelerate the selection of remedies for routine types of cleanups at facilities;

(i) When establishing a model remedy, the department shall:

(A) Identify the requirements for characterizing a facility to select a model remedy, the applicability of the model remedy for use at a facility, and monitoring requirements;

(B) Describe how the model remedy meets clean-up standards and the requirements for selecting a remedy established by the department under this chapter; and

(C) Provide public notice and an opportunity to comment on the proposed model remedy and the conditions under which it may be used at a facility;

(ii) When developing model remedies, the department shall solicit and consider proposals from qualified persons. The proposals must, in addition to describing the model remedy, provide the information required under (k)(i)(A) and (B) of this subsection;

(iii) If a facility meets the requirements for use of a model remedy, an analysis of the feasibility of alternative remedies is not

required under this chapter. For department-conducted and department-supervised remedial actions, the department must provide public notice and consider public comments on the proposed use of a model remedy at a facility. The department may waive collection of its costs for providing a written opinion under (i) of this subsection on a cleanup that qualifies for and appropriately uses a model remedy; and

(1) Take any other actions necessary to carry out the provisions of this chapter, including the power to adopt rules under chapter 34.05 RCW.

(2) The department shall immediately implement all provisions of this chapter to the maximum extent practicable, including investigative and remedial actions where appropriate. The department shall adopt, and thereafter enforce, rules under chapter 34.05 RCW to:

(a) Provide for public participation, including at least (i) public notice of the development of investigative plans or remedial plans for releases or threatened releases and (ii) concurrent public notice of all compliance orders, agreed orders, enforcement orders, or notices of violation;

(b) Establish a hazard ranking system for hazardous waste sites;

(c) Provide for requiring the reporting by an owner or operator of releases of hazardous substances to the environment that may be a threat to human health or the environment within ninety days of discovery, including such exemptions from reporting as the department deems appropriate, however this requirement shall not modify any existing requirements provided for under other laws;

(d) Establish reasonable deadlines not to exceed ninety days for initiating an investigation of a hazardous waste site after the department receives notice or otherwise receives information that the site may pose a threat to human health or the environment and other reasonable deadlines for remedying releases or threatened releases at the site;

(e) Publish and periodically update minimum clean-up standards for remedial actions at least as stringent as the clean-up standards under section 121 of the federal cleanup law, 42 U.S.C. Sec. 9621, and at least as stringent as all applicable state and federal laws, including health-based standards under state and federal law; and

(f) Apply industrial clean-up standards at industrial properties. Rules adopted under this subsection shall ensure that industrial properties cleaned up to industrial standards cannot be converted to nonindustrial uses without approval from the department. The department may require that a property cleaned up to industrial standards is cleaned up to a more stringent applicable standard as a condition of conversion to a nonindustrial use. Industrial clean-up standards may not be applied to industrial properties where hazardous substances remaining at the property after remedial action pose a threat to human health or the environment in adjacent nonindustrial areas.

(3) To achieve and protect the state's long-term ecological health, the department shall ~~((prioritize sufficient funding))~~ plan to clean up hazardous waste sites and prevent the creation of future hazards due to improper disposal of toxic wastes~~((, and create financing tools to clean up large scale hazardous waste sites requiring multiyear commitments))~~ at a pace that matches the estimated cash resources in the state and local toxics control accounts and the environmental legacy stewardship account created in section 10 of this act. Estimated cash resources must consider the annual cash flow requirements of major projects that receive appropriations expected to cross multiple biennia. To effectively monitor toxic accounts expenditures, the department shall develop a comprehensive ten-year financing report that identifies long-term remedial action project costs, tracks expenses, and projects future needs.

(4) By November 1, 2016, the department must submit to the governor and the appropriate legislative committees a report on the status of developing model remedies and their use under this chapter. The report must include: The number and types of model remedies identified by the department under subsection (1)(k) of this section; the number and types of model remedy proposals prepared by qualified private sector engineers, consultants, or contractors that were accepted or rejected under subsection (1)(k) of this section and the reasons for rejection; and the success of model remedies in accelerating the cleanup as measured by the number of jobs created by the cleanup, where this information is available to the department, acres of land restored, and the number and types of hazardous waste sites successfully remediated using model remedies.

(5) Before ~~((December))~~ September 20th of each even-numbered year, the department shall:

(a) Develop a comprehensive ten-year financing report in coordination with all local governments with clean-up responsibilities that identifies the projected biennial hazardous waste site remedial action needs that are eligible for funding from the state and local toxics control account and the environmental legacy stewardship account;

(b) Work with local governments to develop working capital reserves to be incorporated in the ten-year financing report;

(c) Identify the projected remedial action needs for orphaned, abandoned, and other clean-up sites that are eligible for funding from the state toxics control account;

(d) Project the remedial action need, cost, revenue, and any recommended working capital reserve estimate to the next biennium's long-term remedial action needs from both the local ~~((toxics control account))~~ and ~~((the))~~ state toxics control account and the environmental legacy stewardship account, and submit this information to the appropriate standing fiscal and environmental committees of the senate and house of representatives. This submittal must also include a ranked list of such remedial action projects for both accounts~~((, and~~ ~~((e)))~~. The submittal must also identify separate budget estimates for large, multibiennia clean-up projects that exceed ten million dollars. The department shall prepare its ten-year capital budget plan that is submitted to the office of financial management to reflect the separate budget estimates for these large clean-up projects and include information on the anticipated private and public funding obligations for completion of the relevant projects.

(6) By December 1st of each odd-numbered year, the department must provide the legislature and the public ((each year with an accounting)) a report of the department's activities supported by appropriations from the state and local toxics control accounts~~((, including a list of known hazardous waste sites and their hazard rankings, actions taken and planned at each site, how the department is meeting its waste management priorities under RCW 70.105.150, and all funds expended under this chapter))~~ and the environmental legacy stewardship account. The report must be prepared and displayed in a manner that allows the legislature and the public to easily determine the statewide and local progress made in cleaning up hazardous waste sites under this chapter. The report must include, at a minimum:

(a) The name, location, hazardous waste ranking, and a short description of each site on the hazardous sites list, and the date the site was placed on the hazardous waste sites list; and

(b) For sites where there are state contracts, grants, loans, or direct investments by the state:

(i) The amount of money from the state and local toxics control accounts and the environmental legacy stewardship account used to conduct remedial actions at the site and the amount of that money recovered from potentially liable persons;

(ii) The actual or estimated start and end dates and the actual or

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estimated expenditures of funds authorized under this chapter for the following project phases:

- (A) Emergency or interim actions, if needed;
- (B) Remedial investigation;
- (C) Feasibility study and selection of a remedy;
- (D) Engineering design and construction of the selected remedy;
- (E) Operation and maintenance or monitoring of the constructed remedy; and
- (F) The final completion date.

~~((5))~~ (7) The department shall establish a program to identify potential hazardous waste sites and to encourage persons to provide information about hazardous waste sites.

~~((6))~~ (8) For all facilities where an environmental covenant has been required under subsection (1)(f) of this section, including all facilities where the department has required an environmental covenant under an order, agreed order, or consent decree, or as a condition of a written opinion issued under the authority of subsection (1)(i) of this section, the department shall periodically review the environmental covenant for effectiveness. Except as otherwise provided in (c) of this subsection, the department shall conduct a review at least once every five years after an environmental covenant is recorded.

(a) The review shall consist of, at a minimum:

(i) A review of the title of the real property subject to the environmental covenant to determine whether the environmental covenant was properly recorded and, if applicable, amended or terminated;

(ii) A physical inspection of the real property subject to the environmental covenant to determine compliance with the environmental covenant, including whether any development or redevelopment of the real property has violated the terms of the environmental covenant; and

(iii) A review of the effectiveness of the environmental covenant in limiting or prohibiting activities that may interfere with the integrity of the remedial action or that may result in exposure to or migration of hazardous substances. This shall include a review of available monitoring data.

(b) If an environmental covenant has been amended or terminated without proper authority, or if the terms of an environmental covenant have been violated, or if the environmental covenant is no longer effective in limiting or prohibiting activities that may interfere with the integrity of the remedial action or that may result in exposure to or migration of hazardous substances, then the department shall take any and all appropriate actions necessary to ensure compliance with the environmental covenant and the policies and requirements of this chapter.

(c) For facilities where an environmental covenant required by the department under subsection (1)(f) of this section was required before July 1, 2007, the department shall:

(i) Enter all required information about the environmental covenant into the registry established under RCW 64.70.120 by June 30, 2008;

(ii) For those facilities where more than five years has elapsed since the environmental covenant was required and the department has yet to conduct a review, conduct an initial review according to the following schedule:

- (A) By December 30, 2008, fifty facilities;
- (B) By June 30, 2009, fifty additional facilities; and
- (C) By June 30, 2010, the remainder of the facilities;

(iii) Once this initial review has been completed, conduct subsequent reviews at least once every five years.

**Sec. 7.** RCW 70.105D.040 and 1997 c 406 s 4 are each amended to read as follows:

(1) Except as provided in subsection (3) of this section, the following persons are liable with respect to a facility:

(a) The owner or operator of the facility;

(b) Any person who owned or operated the facility at the time of disposal or release of the hazardous substances;

(c) Any person who owned or possessed a hazardous substance and who by contract, agreement, or otherwise arranged for disposal or treatment of the hazardous substance at the facility, or arranged with a transporter for transport for disposal or treatment of the hazardous substances at the facility, or otherwise generated hazardous wastes disposed of or treated at the facility;

(d) Any person (i) who accepts or accepted any hazardous substance for transport to a disposal, treatment, or other facility selected by such person from which there is a release or a threatened release for which remedial action is required, unless such facility, at the time of disposal or treatment, could legally receive such substance; or (ii) who accepts a hazardous substance for transport to such a facility and has reasonable grounds to believe that such facility is not operated in accordance with chapter 70.105 RCW; and

(e) Any person who both sells a hazardous substance and is responsible for written instructions for its use if (i) the substance is used according to the instructions and (ii) the use constitutes a release for which remedial action is required at the facility.

(2) Each person who is liable under this section is strictly liable, jointly and severally, for all remedial action costs and for all natural resource damages resulting from the releases or threatened releases of hazardous substances. The attorney general, at the request of the department, is empowered to recover all costs and damages from persons liable therefor.

(3) The following persons are not liable under this section:

(a) Any person who can establish that the release or threatened release of a hazardous substance for which the person would be otherwise responsible was caused solely by:

- (i) An act of God;
- (ii) An act of war; or

(iii) An act or omission of a third party (including but not limited to a trespasser) other than (A) an employee or agent of the person asserting the defense, or (B) any person whose act or omission occurs in connection with a contractual relationship existing, directly or indirectly, with the person asserting this defense to liability. This defense only applies where the person asserting the defense has exercised the utmost care with respect to the hazardous substance, the foreseeable acts or omissions of the third party, and the foreseeable consequences of those acts or omissions;

(b) Any person who is an owner, past owner, or purchaser of a facility and who can establish by a preponderance of the evidence that at the time the facility was acquired by the person, the person had no knowledge or reason to know that any hazardous substance, the release or threatened release of which has resulted in or contributed to the need for the remedial action, was released or disposed of on, in, or at the facility. This subsection ~~(3)~~(b) is limited as follows:

(i) To establish that a person had no reason to know, the person must have undertaken, at the time of acquisition, all appropriate inquiry into the previous ownership and uses of the property, consistent with good commercial or customary practice in an effort to minimize liability. Any court interpreting this subsection ~~(3)~~(b) shall take into account any specialized knowledge or experience on the part of the person, the relationship of the purchase price to the value of the property if uncontaminated, commonly known or reasonably ascertainable information about the property, the obviousness of the presence or likely presence of contamination at the property, and the ability to detect such contamination by appropriate inspection;

(ii) The defense contained in this subsection (3)(b) is not available to any person who had actual knowledge of the release or threatened release of a hazardous substance when the person owned the real property and who subsequently transferred ownership of the property without first disclosing such knowledge to the transferee;

(iii) The defense contained in this subsection (3)(b) is not available to any person who, by any act or omission, caused or contributed to the release or threatened release of a hazardous substance at the facility;

(c) Any natural person who uses a hazardous substance lawfully and without negligence for any personal or domestic purpose in or near a dwelling or accessory structure when that person is: (i) A resident of the dwelling; (ii) a person who, without compensation, assists the resident in the use of the substance; or (iii) a person who is employed by the resident, but who is not an independent contractor;

(d) Any person who, for the purpose of growing food crops, applies pesticides or fertilizers without negligence and in accordance with all applicable laws and regulations.

(4) There may be no settlement by the state with any person potentially liable under this chapter except in accordance with this section.

(a) The attorney general may agree to a settlement with any potentially liable person only if the department finds, after public notice and any required hearing, that the proposed settlement would lead to a more expeditious cleanup of hazardous substances in compliance with clean-up standards under RCW 70.105D.030(2)(e) and with any remedial orders issued by the department. Whenever practicable and in the public interest, the attorney general may expedite such a settlement with persons whose contribution is insignificant in amount and toxicity. A hearing shall be required only if at least ten persons request one or if the department determines a hearing is necessary.

(b) A settlement agreement under this section shall be entered as a consent decree issued by a court of competent jurisdiction.

(c) A settlement agreement may contain a covenant not to sue only of a scope commensurate with the settlement agreement in favor of any person with whom the attorney general has settled under this section. Any covenant not to sue shall contain a reopener clause which requires the court to amend the covenant not to sue if factors not known at the time of entry of the settlement agreement are discovered and present a previously unknown threat to human health or the environment.

(d) A party who has resolved its liability to the state under this section shall not be liable for claims for contribution regarding matters addressed in the settlement. The settlement does not discharge any of the other liable parties but it reduces the total potential liability of the others to the state by the amount of the settlement.

(e) If the state has entered into a consent decree with an owner or operator under this section, the state shall not enforce this chapter against any owner or operator who is a successor in interest to the settling party unless under the terms of the consent decree the state could enforce against the settling party, if:

(i) The successor owner or operator is liable with respect to the facility solely due to that person's ownership interest or operator status acquired as a successor in interest to the owner or operator with whom the state has entered into a consent decree; and

(ii) The stay of enforcement under this subsection does not apply if the consent decree was based on circumstances unique to the settling party that do not exist with regard to the successor in interest, such as financial hardship. For consent decrees entered into before July 27, 1997, at the request of a settling party or a potential successor owner or operator, the attorney general shall issue a written opinion on whether a consent decree contains such

unique circumstances. For all other consent decrees, such unique circumstances shall be specified in the consent decree.

(f) Any person who is not subject to enforcement by the state under (e) of this subsection is not liable for claims for contribution regarding matters addressed in the settlement.

(5)(a) In addition to the settlement authority provided under subsection (4) of this section, the attorney general may agree to a settlement with a ~~((person not currently liable for remedial action at a facility who proposes to purchase, redevelop, or reuse the facility))~~ prospective purchaser, provided that:

(i) The settlement will yield substantial new resources to facilitate cleanup;

(ii) The settlement will expedite remedial action at the facility consistent with the rules adopted under this chapter; and

(iii) Based on available information, the department determines that the redevelopment or reuse of the facility is not likely to contribute to the existing release or threatened release, interfere with remedial actions that may be needed at the ~~((site))~~ facility, or increase health risks to persons at or in the vicinity of the ~~((site))~~ facility.

(b) The legislature recognizes that the state does not have adequate resources to participate in all property transactions involving contaminated property. The primary purpose of this subsection (5) is to promote the cleanup and reuse of ~~((vacant or abandoned commercial or industrial contaminated))~~ brownfield property. The attorney general and the department may give priority to settlements that will provide a substantial public benefit ~~((including, but not limited to the reuse of a vacant or abandoned manufacturing or industrial facility, or the development of a facility by a governmental entity to address an important public purpose))~~ in addition to cleanup.

(c) A settlement entered under this subsection is governed by subsection (4) of this section.

(6) As an alternative to a settlement under subsection (5) of this section, the department may enter into an agreed order with a prospective purchaser of a property within a designated redevelopment opportunity zone. The agreed order is subject to the limitations in RCW 70.105D.020(1), but stays enforcement by the department under this chapter regarding remedial actions required by the agreed order as long as the prospective purchaser complies with the requirements of the agreed order.

(7) Nothing in this chapter affects or modifies in any way any person's right to seek or obtain relief under other statutes or under common law, including but not limited to damages for injury or loss resulting from a release or threatened release of a hazardous substance. No settlement by the department or remedial action ordered by a court or the department affects any person's right to obtain a remedy under common law or other statutes.

**Sec. 8.** RCW 70.105D.050 and 2005 c 211 s 2 are each amended to read as follows:

(1) With respect to any release, or threatened release, for which the department does not conduct or contract for conducting remedial action and for which the department believes remedial action is in the public interest, the director shall issue orders or agreed orders requiring potentially liable persons to provide the remedial action. Any liable person, or prospective purchaser who has entered into an agreed order under RCW 70.105D.040(6), who refuses, without sufficient cause, to comply with an order or agreed order of the director is liable in an action brought by the attorney general for:

(a) Up to three times the amount of any costs incurred by the state as a result of the party's refusal to comply; and

(b) A civil penalty of up to twenty-five thousand dollars for each day the party refuses to comply.

The treble damages and civil penalty under this subsection apply to all recovery actions filed on or after March 1, 1989.

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(2) Any person who incurs costs complying with an order issued under subsection (1) of this section may petition the department for reimbursement of those costs. If the department refuses to grant reimbursement, the person may within thirty days thereafter file suit and recover costs by proving that he or she was not a liable person under RCW 70.105D.040 and that the costs incurred were reasonable.

(3) The attorney general shall seek, by filing an action if necessary, to recover the amounts spent by the department for investigative and remedial actions and orders, and agreed orders, including amounts spent prior to March 1, 1989.

(4) The attorney general may bring an action to secure such relief as is necessary to protect human health and the environment under this chapter.

(5)(a) Any person may commence a civil action to compel the department to perform any nondiscretionary duty under this chapter. At least thirty days before commencing the action, the person must give notice of intent to sue, unless a substantial endangerment exists. The court may award attorneys' fees and other costs to the prevailing party in the action.

(b) Civil actions under this section and RCW 70.105D.060 may be brought in the superior court of Thurston county or of the county in which the release or threatened release exists.

(6) Any person who fails to provide notification of releases consistent with RCW 70.105D.110 or who submits false information is liable in an action brought by the attorney general for a civil penalty of up to five thousand dollars per day for each day the party refuses to comply.

(7) Any person who owns real property or lender holding a mortgage on real property that is subject to a lien filed under RCW 70.105D.055 may petition the department to have the lien removed or the amount of the lien reduced. If, after consideration of the petition and the information supporting the petition, the department decides to deny the request, the person may, within ninety days after receipt of the department's denial, file suit for removal or reduction of the lien. The person is entitled to removal of a lien filed under RCW 70.105D.055(2)(a) if they can prove by a preponderance of the evidence that the person is not a liable party under RCW 70.105D.040. The person is entitled to a reduction of the amount of the lien if they can prove by a preponderance of the evidence:

(a) For liens filed under RCW 70.105D.055(2)(a), the amount of the lien exceeds the remedial action costs the department incurred related to cleanup of the real property; and

(b) For liens filed under RCW 70.105D.055(2)(c), the amount of the lien exceeds the remedial action costs the department incurred related to cleanup of the real property or exceeds the increase of the fair market value of the real property solely attributable to the remedial action conducted by the department.

(8) The expenditure of moneys under the state and local toxics control accounts created in RCW 70.105D.070 and the environmental legacy stewardship account created in section 10 of this act does not alter the liability of any person under this chapter, or the authority of the department under this chapter, including the authority to recover those moneys.

**Sec. 9.** RCW 70.105D.070 and 2012 2nd sp.s. c 7 s 920 and 2012 2nd sp.s. c 2 s 6005 are each reenacted and 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;

(xiii) During the 2009-2011 and 2011-2013 fiscal biennia, shoreline update technical assistance;

(xiv) During the 2009-2011 fiscal biennium, multijurisdictional permitting teams;

(xv) During the 2011-2013 fiscal biennium, actions for reducing public exposure to toxic air pollution, and actions taken through the family forest fish passage program to correct barriers to fish passage on privately owned small forest lands; and

(xvi) During the 2011-2013 fiscal biennium, the department of ecology's water quality, shorelands and environmental assessment, hazardous waste, waste to resources, nuclear waste, and air quality programs.

(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 2011-2013 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 remedying 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 2011-2013 fiscal biennium, the legislature may transfer from the local toxics control account to the state toxics control account such amounts as reflect excess fund balance in the account.

(9) During the 2011-2013 fiscal biennium, the local toxics control account may also be used for local government shoreline update grants and actions for reducing public exposure to toxic air pollution; funding to local governments for flood levee improvements; and grants to local governments for brownfield redevelopment.) (a) Moneys collected under RCW 82.21.030 must be deposited as follows: Fifty-six percent to the state toxics control account under subsection (3) of this section and forty-four percent to the local toxics control account under subsection (4) of this section. When the cumulative amount of deposits made to the state and local toxics control accounts under this section reaches the limit during a fiscal year as established in (b) of this subsection, the remainder of the moneys collected under RCW 82.21.030 during that fiscal year must be deposited into the environmental legacy stewardship account created in section 10 of this act.

(b) The limit on distributions of moneys collected under RCW 82.21.030 to the state and local toxics control accounts for the fiscal year beginning July 1, 2013, is one hundred forty million dollars.

(c) In addition to the funds required under (a) of this subsection, the following moneys must be deposited into the state toxics control account: (i) The costs of remedial actions recovered under this chapter or chapter 70.105A RCW; (ii) penalties collected or recovered under this chapter; and (iii) any other money appropriated or transferred to the account by the legislature.

(3) Moneys in the state toxics control account must be used only to carry out the purposes of this chapter, including but not limited to the following activities:

(a) The state's responsibility for hazardous waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.105 RCW;

(b) The state's responsibility for solid waste planning, management, regulation, enforcement, technical assistance, and public education required under chapter 70.95 RCW;

(c) The hazardous waste clean-up program required under this chapter;

(d) State matching funds required under federal cleanup law;

(e) Financial assistance for local programs in accordance with chapters 70.95, 70.95C, 70.95I, and 70.105 RCW;

(f) State government programs for the safe reduction, recycling, or disposal of paint and hazardous wastes from households, small businesses, and agriculture;

(g) Oil and hazardous materials spill prevention, preparedness, training, and response activities;

(h) Water and environmental health protection and monitoring programs;

(i) Programs authorized under chapter 70.146 RCW;

(j) A public participation program;

(k) Public funding to assist potentially liable persons to pay for the costs of remedial action in compliance with clean-up 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: (i) A substantially more expeditious or enhanced cleanup than would otherwise occur; and (ii) the prevention or mitigation of unfair economic hardship;

(l) Development and demonstration of alternative management technologies designed to carry out the hazardous waste management priorities of RCW 70.105.150;

(m) State agriculture and health programs for the safe use,

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reduction, recycling, or disposal of pesticides;

(n) Storm water pollution control projects and activities that protect or preserve existing remedial actions or prevent hazardous clean-up sites;

(o) Funding requirements to maintain receipt of federal funds under the federal solid waste disposal act (42 U.S.C. Sec. 6901 et seq.);

(p) Air quality programs and actions for reducing public exposure to toxic air pollution;

(q) Public funding to assist prospective purchasers to pay for the costs of remedial action in compliance with clean-up standards under RCW 70.105D.030(2)(e) if;

(i) The facility is located within a redevelopment opportunity zone designated under section 4 of this act;

(ii) The amount and terms of the funding are established under a settlement agreement under RCW 70.105D.040(5); and

(iii) The director has found the funding meets any additional criteria established in rule by the department, will achieve a substantially more expeditious or enhanced cleanup than would otherwise occur, and will provide a public benefit in addition to cleanup commensurate with the scope of the public funding;

(r) Petroleum-based plastic or expanded polystyrene foam debris cleanup activities in fresh or marine waters; and

(s) Appropriations to the local toxics control account or the environmental legacy stewardship account created in section 10 of this act, if the legislature determines that priorities for spending exceed available funds in those accounts.

(4)(a) The department shall use moneys deposited in the local toxics control account for grants or loans to local governments for the following purposes in descending order of priority:

(i) Extended grant agreements entered into under (c)(i) of this subsection;

(ii) Remedial actions, including planning for adaptive reuse of properties as provided for under (c)(iv) of this subsection. The department must prioritize funding of remedial actions at:

(A) Facilities on the department's hazardous sites list with a high hazard ranking for which there is an approved remedial action work plan or an equivalent document under federal cleanup law;

(B) Brownfield properties within a redevelopment opportunity zone if the local government is a prospective purchaser of the property and there is a department-approved remedial action work plan or equivalent document under the federal cleanup law;

(iii) Storm water pollution source projects that: (A) Work in conjunction with a remedial action; (B) protect completed remedial actions against recontamination; or (C) prevent hazardous clean-up sites;

(iv) Hazardous waste plans and programs under chapter 70.105 RCW;

(v) Solid waste plans and programs under chapters 70.95, 70.95C, 70.95I, and 70.105 RCW;

(vi) Petroleum-based plastic or expanded polystyrene foam debris cleanup activities in fresh or marine waters; and

(vii) Appropriations to the state toxics control account or the environmental legacy stewardship account created in section 10 of this act, if the legislature determines that priorities for spending exceed available funds in those accounts.

(b) Funds for plans and programs must be allocated consistent with the priorities and matching requirements established in chapters 70.105, 70.95C, 70.95I, and 70.95 RCW.

(c) To expedite cleanups throughout the state, the department may use the following strategies when providing grants to local governments under this subsection:

(i) Enter into an extended grant agreement with a local government conducting remedial actions at a facility where those actions extend over multiple biennia and the total eligible cost of

those actions exceeds twenty million dollars. The agreement is subject to the following limitations:

(A) The initial duration of such an agreement may not exceed ten years. The department may extend the duration of such an agreement upon finding substantial progress has been made on remedial actions at the facility;

(B) Extended grant agreements may not exceed fifty percent of the total eligible remedial action costs at the facility; and

(C) The department may not allocate future funding to an extended grant agreement unless the local government has demonstrated to the department that funds awarded under the agreement during the previous biennium have been substantially expended or contracts have been entered into to substantially expend the funds;

(ii) Enter into a grant agreement with a local government conducting a remedial action that provides for periodic reimbursement of remedial action costs as they are incurred as established in the agreement;

(iii) Enter into a grant agreement with a local government prior to it acquiring a property or obtaining necessary access to conduct remedial actions, provided the agreement is conditioned upon the local government acquiring the property or obtaining the access in accordance with a schedule specified in the agreement;

(iv) Provide integrated planning grants to local governments to fund studies necessary to facilitate remedial actions at brownfield properties and adaptive reuse of properties following remediation. Eligible activities include, but are not limited to: Environmental site assessments; remedial investigations; health assessments; feasibility studies; site planning; community involvement; land use and regulatory analyses; building and infrastructure assessments; economic and fiscal analyses; and any environmental analyses under chapter 43.21C RCW;

(v) Provide grants to local governments for remedial actions related to areawide groundwater contamination. To receive the funding, the local government does not need to be a potentially liable person or be required to seek reimbursement of grant funds from a potentially liable person;

(vi) 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 opportunities, or habitat restoration opportunities that would not otherwise occur; or

(C) Funding would create an opportunity for acquisition and redevelopment of brownfield property under RCW 70.105D.040(5) that would not otherwise occur;

(vii) When pending grant applications under (c)(iv) and (v) of this subsection (4) exceed the amount of funds available, designated redevelopment opportunity zones must receive priority for distribution of available funds.

(d) To expedite multiparty clean-up efforts, the department may purchase remedial action cost-cap insurance.

(5) 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.

(6) No moneys deposited into either the state or local toxics control account may be used for: Natural disasters where there is no hazardous substance contamination; high performance buildings; solid waste incinerator facility 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.

However, this subsection does not prevent an appropriation from the state toxics control account to the department of revenue to enforce compliance with the hazardous substance tax imposed in chapter 82.21 RCW.

(7) Except during the 2011-2013 fiscal biennium, one percent of the moneys collected under RCW 82.21.030 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 remedying 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 that are not expended at the close of any biennium revert to the state toxics control account.

(8) The department shall adopt rules for grant or loan issuance and performance. To accelerate both remedial action and economic recovery, the department may expedite the adoption of rules necessary to implement this act using the expedited procedures in RCW 34.05.353. The department shall initiate the award of financial assistance by August 1, 2013. To ensure the adoption of rules will not delay financial assistance, the department may administer the award of financial assistance through interpretive guidance pending the adoption of rules through July 1, 2014.

(9) Except as provided under subsection (3)(k) and (q) of this section, nothing in this act effects the ability of a potentially liable person to receive public funding.

NEW SECTION. Sec. 10. A new section is added to chapter 70.105D RCW to read as follows:

(1) The environmental legacy stewardship account is created in the state treasury. Beginning July 1, 2013, and every fiscal year thereafter, the annual amount received from the tax imposed by RCW 82.21.030 that exceeds one hundred forty million dollars must be deposited into the environmental legacy stewardship account. The state treasurer may make periodic deposits into the environmental legacy stewardship account based on forecasted revenue. Moneys in the account may only be spent after appropriation.

(2) Moneys in the environmental legacy stewardship account may be spent on performance and outcome based projects, model remedies, demonstrated technologies, procedures, contracts, and project management and oversight that result in significant reductions in the time to complete compared to baseline averages for:

(a) Purposes authorized under RCW 70.105D.070 (3) and (4);

(b) Storm water low-impact retrofit projects and other projects with significant environmental benefits that reduce storm water pollution from existing infrastructure and development;

(c) 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; and

(d) Appropriations to the state and local toxics control accounts created in RCW 70.105D.070 if the legislature determines that priorities for spending exceed available funds in those accounts.

(3) Except as provided under RCW 70.105D.070(3) (k) and (q), nothing in this act expands the ability of a potentially liable person to receive public funding.

NEW SECTION. Sec. 11. (1) For the biennium ending June 30, 2015, the state treasurer must transfer forty-five million dollars from the state toxics control account to the environmental legacy stewardship account created in section 10 of this act.

(2) For the biennium ending June 30, 2015, the state treasurer must transfer forty-five million dollars from the local toxics control account to the environmental legacy stewardship account.

NEW SECTION. Sec. 12. A new section is added to chapter 70.105 RCW to read as follows:

The radioactive mixed waste account is created within the state treasury. All receipts received from facilities assessed service charges established under RCW 70.105.280 must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may only be used for carrying out the department's powers and duties under this chapter related to the regulation of facilities that treat, store, or dispose of mixed waste or mixed waste facilities that are undergoing closure.

NEW SECTION. Sec. 13. By October 1, 2013, the state treasurer must transfer the fund balance of the mixed waste fees within the state toxics control account to the radioactive mixed waste account created in section 12 of this act. The department of ecology shall report the fund balance amount to the state treasurer for transfer into the radioactive mixed waste account.

Sec. 14. RCW 70.105.280 and 1989 c 376 s 2 are each amended to read as follows:

(1) The department may assess reasonable service charges against those facilities that store, treat, incinerate, or dispose of dangerous or extremely hazardous waste that contains both a nonradioactive hazardous component and a radioactive component or which are undergoing closure under this chapter in those instances where closure entails the physical characterization of remaining wastes which contain both a nonradioactive hazardous component and a radioactive component or the management of such wastes through treatment or removal, except any commercial low-level radioactive waste facility. Service charges may not exceed the costs to the department in carrying out the duties of this section.

(2) Program elements or activities for which service charges may be assessed include:

(a) Office, staff, and staff support for the purposes of facility or unit permit development, review, and issuance; and

(b) Actions taken to determine and ensure compliance with the state's hazardous waste management act.

(3) Moneys collected through the imposition of such service charges shall be deposited in the ~~((state toxics control))~~ radioactive mixed waste account created in section 12 of this act.

(4) The department shall adopt rules necessary to implement this section. Facilities that store, treat, incinerate, or dispose of dangerous or extremely hazardous waste that contains both a nonradioactive hazardous component and a radioactive component shall not be subject to service charges prior to such rule making. Facilities undergoing closure under this chapter in those instances where closure entails the physical characterization of remaining wastes which contain both a nonradioactive hazardous component and a radioactive component or the management of such wastes through treatment or removal shall not be subject to service charges prior to such rule making.

Sec. 15. RCW 43.84.092 and 2013 c 251 s 3 and 2013 c 96 s 3 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall

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not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the Alaskan Way viaduct replacement project account, the brownfield redevelopment trust fund account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the cleanup settlement account, the Columbia river basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river basin water supply revenue recovery account, the common school construction fund, the county arterial preservation account, the county criminal justice assistance account, the deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of retirement systems expense account, the developmental disabilities community trust account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water assistance repayment account, the Eastern Washington University capital projects account, the Interstate 405 express toll lanes operations account, the education construction fund, the education legacy trust account, the election account, the energy freedom account, the energy recovery act account, the essential rail assistance account, the Evergreen State College capital projects account, the federal forest revolving account, the ferry bond retirement fund, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the public health services account, the high capacity transportation account, the state higher education construction account, the higher education construction account, the highway bond retirement fund, the highway infrastructure account, the highway safety fund, the high occupancy toll lanes operations account, the hospital safety net assessment fund, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the marine resources stewardship trust account, the medical aid account, the mobile home park relocation fund, the motor vehicle fund, the motorcycle safety education account, the multimodal transportation account, the municipal criminal justice

assistance account, the natural resources deposit account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the real estate appraiser commission account, the recreational vehicle account, the regional mobility grant program account, the resource management cost account, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the site closure account, the skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the state patrol highway account, the state route number 520 civil penalties account, the state route number 520 corridor account, the state wildlife account, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation fund, the transportation improvement account, the transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership account, the traumatic brain injury account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the Washington judicial retirement system account, the Washington law enforcement officers' and firefighters' system plan 1 retirement account, the Washington law enforcement officers' and firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state economic development commission account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving administration account, the water pollution control revolving fund, and the Western Washington University capital projects account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, the state university permanent fund, and the state reclamation revolving account shall be allocated to their respective beneficiary accounts.

(b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state treasury that deposits funds into a fund or account in the state treasury pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

**Sec. 16.** RCW 43.84.092 and 2013 c 251 s 4 and 2013 c 96 s 4 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the Alaskan Way viaduct replacement project account, the brownfield redevelopment trust fund account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the cleanup settlement account, the Columbia river basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river basin water supply revenue recovery account, the Columbia river crossing project account, the common school construction fund, the county arterial preservation account, the county criminal justice assistance account, the deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of retirement systems expense account, the developmental disabilities community trust account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water assistance repayment account, the Eastern Washington University capital projects account, the Interstate 405 express toll lanes operations account, the education construction fund, the education legacy trust account, the election account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The Evergreen State College capital projects account, the federal forest revolving account, the ferry bond retirement fund, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the public health services account, the high capacity transportation account, the state higher education construction account, the higher education construction account, the

highway bond retirement fund, the highway infrastructure account, the highway safety fund, the high occupancy toll lanes operations account, the hospital safety net assessment fund, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and use tax account, the marine resources stewardship trust account, the medical aid account, the mobile home park relocation fund, the motor vehicle fund, the motorcycle safety education account, the multimodal transportation account, the municipal criminal justice assistance account, the natural resources deposit account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the real estate appraiser commission account, the recreational vehicle account, the regional mobility grant program account, the resource management grant account, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the site closure account, the skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the state patrol highway account, the state route number 520 civil penalties account, the state route number 520 corridor account, the state wildlife account, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation fund, the transportation improvement account, the transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership account, the traumatic brain injury account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the Washington judicial retirement system account, the Washington law enforcement officers' and firefighters' system plan 1 retirement account, the Washington law enforcement officers' and firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state economic development commission account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving administration account, the water pollution control revolving fund, and the Western Washington University capital projects account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, the state university permanent fund, and the state reclamation revolving account shall be allocated to their respective beneficiary accounts.

(b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state

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treasury that deposits funds into a fund or account in the state treasury pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

NEW SECTION. Sec. 17. Section 15 of this act expires on the date the requirements set out in section 7, chapter 36, Laws of 2012 are met.

NEW SECTION. Sec. 18. Section 16 of this act takes effect on the date the requirements set out in section 7, chapter 36, Laws of 2012 are met.

NEW SECTION. Sec. 19. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 20. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2013."

The President Pro Tempore declared the question before the Senate to be the adoption of the striking amendment by Senators Ericksen and Ranker to Engrossed Second Substitute Senate Bill No. 5296.

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

MOTION

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

On page 1, beginning on line 1 of the title, after "act;" strike the remainder of the title and insert "amending RCW 70.105D.020, 70.105D.030, 70.105D.040, 70.105D.050, and 70.105.280; reenacting and amending RCW 70.105D.070, 43.84.092, and 43.84.092; adding new sections to chapter 70.105D RCW; adding a new section to chapter 70.105 RCW; creating new sections; providing an effective date; providing a contingent effective date; providing a contingent expiration date; and declaring an emergency."

MOTION

On motion of Senator Ericksen, the rules were suspended, Second Engrossed Second Substitute Senate Bill No. 5296 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Ericksen and Ranker spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Second Engrossed Second Substitute Senate Bill No. 5296.

ROLL CALL

The Secretary called the roll on the final passage of Second Engrossed Second Substitute Senate Bill No. 5296 and the bill passed the Senate by the following vote: Yeas, 36; Nays, 13; Absent, 0; Excused, 0.

Voting yea: Senators Bailey, Baumgartner, Becker, Benton, Billig, Braun, Brown, Cleveland, Dammeier, Ericksen, Fain, Hargrove, Harper, Hatfield, Hewitt, Hill, Hobbs, Holmquist Newbry, Honeyford, King, Litzow, Mullet, O'Ban, Padden,

Parlette, Pearson, Ranker, Rivers, Roach, Rolfes, Schlicher, Schoesler, Sheldon, Shin, Smith and Tom

Voting nay: Senators Chase, Conway, Darneille, Eide, Fraser, Frockt, Hasegawa, Keiser, Kline, Kohl-Welles, McAuliffe, Murray and Nelson

SECOND ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5296, 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 Fain, Second Engrossed Second Substitute Senate Bill No. 5296 was immediately transmitted to the House of Representatives.

MOTION

On motion of Senator Fain, Engrossed Substitute Senate Bill No. 5946 was immediately transmitted to the House of Representatives.

MOTION

At 11:09 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

The Senate was called to order at 11:36 p.m. by the President Pro Tempore.

MOTION

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

SECOND READING

ENGROSSED HOUSE BILL NO. 2075, by Representatives Carlyle and Roberts

Preserving funding deposited into the education legacy trust account used to support common schools and access to higher education by restoring the application of the Washington estate and transfer tax to certain property transfers while modifying the estate and transfer tax to provide tax relief for certain estates.

The measure was read the second time.

MOTION

On motion of Senator Hill, the rules were suspended, Engrossed House Bill No. 2075 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Hill and Hargrove spoke in favor of passage of the bill.

Senator Padden spoke against passage of the bill.

PARLIAMENTARY INQUIRY

Senator Honeyford: "Thank you Mr. President. Well, I noticed tonight that several people have addressed the President of the Senate as 'President Pro Tempore' and I noticed and past the tradition of the Senate has been that we address the President Pro Tempore as 'President' and when we had the Vice President

Pro Tempore we addressed him as ‘President.’ Would you give us some direction please?”

REPLY BY THE PRESIDENT PRO TEMPORE

President Pro Tempore: “Well, thank you for asking Senator Honeyford. I believe the correct address to the presiding officer is ‘Mr. President.’ The President Pro Tempore is elected by all the members of the Senate and in the absence of the Lt. Governor serves in the role as President. So, I believe the correct address to the presiding officer is ‘Mr. President.’ Thank you for inquiring Senator Honeyford.”

MOTION

On motion of Senator Fain, Rule 15 was retroactively suspended for the remainder of the day for the purpose of allowing continued floor action.

EDITOR’S NOTE: Senate Rule 15 establishes the floor schedule and calls for a lunch and dinner break of 90 minutes each per day during regular daily sessions.

Senators Brown, Baumgartner spoke against passage of the bill.

Senators Nelson, Tom and Braun spoke in favor of passage of the bill.

The President Pro Tempore declared the question before the Senate to be the final passage of Engrossed House Bill No. 2075.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed House Bill No. 2075 and the bill passed the Senate by the following vote: Yeas, 30; Nays, 19; Absent, 0; Excused, 0.

Voting yea: Senators Billig, Braun, Chase, Cleveland, Conway, Dammeier, Darneille, Eide, Fain, Fraser, Frockt, Hargrove, Harper, Hasegawa, Hatfield, Hill, Hobbs, Keiser, Kline, Kohl-Welles, Litzow, McAuliffe, Mullet, Murray, Nelson, Ranker, Rolfes, Schlicher, Shin and Tom

Voting nay: Senators Bailey, Baumgartner, Becker, Benton, Brown, Ericksen, Hewitt, Holmquist Newbry, Honeyford, King, O’Ban, Padden, Parlette, Pearson, Rivers, Roach, Schoesler, Sheldon and Smith

ENGROSSED HOUSE BILL NO. 2075, 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 Fain, Engrossed House Bill No. 2075 was immediately transmitted to the House of Representatives.

MOTION

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

MESSAGE FROM THE HOUSE

June 13, 2013

MR. PRESIDENT:  
The House has passed:

SECOND ENGROSSED SECOND SUBSTITUTE  
SENATE BILL NO. 5296.

and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

SIGNED BY THE PRESIDENT

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and thereupon did sign in open session:

SECOND ENGROSSED SECOND SUBSTITUTE  
SENATE BILL NO. 5296.

MOTION

At 11:58 p.m., on motion of Senator Fain, the Senate was declared to be at ease subject to the call of the President.

MORNING SESSION

The Senate was called to order at 12:19 a.m. by President Pro Tempore.

MESSAGE FROM THE HOUSE

June 13, 2013

MR. PRESIDENT:

The Speaker has signed:

ENGROSSED HOUSE BILL NO. 2075,  
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

MESSAGE FROM THE HOUSE

June 13, 2013

MR. PRESIDENT:

The Speaker has signed:

SECOND ENGROSSED SECOND SUBSTITUTE  
SENATE BILL NO. 5296,  
and the same is herewith transmitted.

BARBARA BAKER, Chief Clerk

SIGNED BY THE PRESIDENT

Pursuant to Article 2, Section 32 of the State Constitution and Senate Rule 1(5), the President announced the signing of and thereupon did sign in open session:

ENGROSSED HOUSE BILL NO. 2075.

PERSONAL PRIVILEGE

Senator Hasegawa: “Thank you Mr. President. Well, you may have noticed I wore purple today and I’ve got my UW alumni pen on and I was hoping to have been able to go up to the Evans School of Public Affairs Commencement ceremony this evening which obviously was not able to. I would like to offer congratulations to my friends who are going through that Commencement or who have tonight and, in particular, my good friend Rich Gurtiza, who was a fellow union activist, but I helped convince him that he needed to go through their program and I

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just wanted to offer my congratulations to the graduating class.  
Thank you Mr. President.”

MOTION

At 12:25 a.m., on motion of Senator Fain, the Senate  
adjourned until 1:00 p.m. Friday, June 14, 2013.

BRAD OWEN, President of the Senate

HUNTER GOODMAN, Secretary of the Senate



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