

2007-2008
SESSION LAWS
OF THE
STATE OF WASHINGTON

2007 SPECIAL SESSION
SIXTIETH LEGISLATURE

Convened November 29, 2007. Adjourned November 29, 2007.

2008 REGULAR SESSION
SIXTIETH LEGISLATURE

Convened January 14, 2008. Adjourned March 13, 2008.



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Code Reviser

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**WASHINGTON SESSION LAWS
GENERAL INFORMATION**

1. EDITIONS AVAILABLE.

- (a) *General Information.* The session laws are printed in a permanent softbound edition containing the accumulation of all laws adopted in the legislative session. The edition contains a subject index and tables indicating Revised Code of Washington sections affected.
- (b) *Where and how obtained - price.* The permanent session laws may be ordered from the Statute Law Committee, Pritchard Building, P.O. Box 40552, Olympia, Washington 98504-0552. The edition costs \$32.10 per volume (\$25.00 plus \$2.10 for state and local sales tax at 8.4% and \$5.00 shipping and handling). All orders must be accompanied by payment.

2. PRINTING STYLE - INDICATION OF NEW OR DELETED MATTER.

The session laws are presented in the form in which they were enacted by the legislature. This style quickly and graphically portrays the current changes to existing law as follows:

- (a) In amendatory sections
 - (i) underlined matter is new matter.
 - (ii) deleted matter is (~~lined out and bracketed between double parentheses~~).
- (b) Complete new sections are prefaced by the words NEW SECTION.

3. PARTIAL VETOES.

- (a) Vetoed matter is *printed in bold italics*.
- (b) Pertinent excerpts of the governor's explanation of partial vetoes are printed at the end of the chapter concerned.

4. EDITORIAL CORRECTIONS. Words and clauses inserted in the session laws under the authority of RCW 44.20.060 are enclosed in [brackets].

5. EFFECTIVE DATE OF LAWS.

- (a) The state Constitution provides that unless otherwise qualified, the laws of any session take effect ninety days after adjournment sine die. The Secretary of State has determined the pertinent date for the Laws of the 2008 regular session to be June 12, 2008 (midnight June 11th).
- (b) Laws that carry an emergency clause take effect immediately upon approval by the Governor.
- (c) Laws that prescribe an effective date take effect upon that date.

6. INDEX AND TABLES.

A cumulative index and tables of all 2007 special session and 2008 laws may be found at the back of the final volume.

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WASHINGTON LAWS

2007 SPECIAL SESSION

CHAPTER 1

[House Bill 2416]

PROPERTY TAX LIMIT

AN ACT Relating to reinstating the one percent property tax limit factor adopted by the voters under Initiative Measure No. 747; amending RCW 84.55.0101; reenacting and amending RCW 84.55.005; creating a new section; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 84.55.005 and 1997 c 393 s 20 and 1997 c 3 s 201 are each reenacted and amended to read as follows:

As used in this chapter:

(1) "Inflation" means the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce in September of the year before the taxes are payable;

(2) "Limit factor" means:

(a) For taxing districts with a population of less than ten thousand in the calendar year prior to the assessment year, one hundred (~~(six)~~) one percent;

(b) For taxing districts for which a limit factor is authorized under RCW 84.55.0101, the lesser of the limit factor authorized under that section or one hundred (~~(six)~~) one percent;

(c) For all other districts, the lesser of one hundred (~~(six)~~) one percent or one hundred percent plus inflation; and

(3) "Regular property taxes" has the meaning given it in RCW 84.04.140.

Sec. 2. RCW 84.55.0101 and 1997 c 3 s 204 are each amended to read as follows:

Upon a finding of substantial need, the legislative authority of a taxing district other than the state may provide for the use of a limit factor under this chapter of one hundred (~~(six)~~) one percent or less. In districts with legislative authorities of four members or less, two-thirds of the members must approve an ordinance or resolution under this section. In districts with more than four members, a majority plus one vote must approve an ordinance or resolution under this section. The new limit factor shall be effective for taxes collected in the following year only.

NEW SECTION. **Sec. 3.** This act applies both prospectively and retroactively to taxes levied for collection in 2002 and thereafter.

NEW SECTION. **Sec. 4.** 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.

Passed by the House November 29, 2007.

Passed by the Senate November 29, 2007.

Approved by the Governor November 29, 2007.

Filed in Office of Secretary of State November 30, 2007.

CHAPTER 2

[Substitute Senate Bill 6178]

PROPERTY TAX DEFERRAL

AN ACT Relating to providing a fifty percent property tax deferral for households with income of fifty-seven thousand dollars or less; adding a new chapter to Title 84 RCW; creating new sections; providing an expiration date; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. (1) The legislature finds that there are an increasing number of economic and financial pressures causing hardships to many homeowners in the state of Washington. The legislature finds that the current housing crisis is a key barometer of the insecure economic situation facing working Washington families. The legislature finds that, among those hardships, increases in property taxes lead to undue stress on family budgets causing some homeowners to be at risk of losing their homes. The legislature finds that financial practices nationwide have led to an increasingly destabilized housing market across the country with impacts now being felt here in Washington. The legislature further finds that by establishing a property tax deferral program homeowners will be able to remain in their homes. The legislature further finds that acting now to stabilize the housing market is an important public purpose.

(2) It is the intent of the legislature to: (a) Provide a property tax safe harbor for families in economic crisis; and (b) prevent existing homeowners from being driven from their homes because of overly burdensome property taxes.

NEW SECTION. Sec. 2. A claimant may defer payment of fifty percent of special assessments or real property taxes, or both, in any year in which all of the following conditions are met:

(1) The special assessments or property taxes must be imposed upon a residence that was occupied by the claimant as a principal place of residence as of January 1st of the year in which the assessments and taxes are due, subject to the exceptions allowed under RCW 84.36.381(1);

(2) The claimant must have combined disposable income, as defined in RCW 84.36.383, of fifty-seven thousand dollars or less in the calendar year preceding the filing of the declaration;

(3) The claimant must have paid one-half of the total amount of special assessments and property taxes listed on the tax statement for the year in which the deferral claim is made;

(4) A deferral is not allowed for assessments or taxes levied in the first five calendar years in which the person owns the residence;

(5) The claimant who defers payment of special assessments or real property taxes, or both, under this section must also meet the conditions of RCW 84.38.030 (4) and (5);

(6) The total amount deferred by a claimant under this chapter must not exceed forty percent of the amount of the claimant's equity value in the claimant's residence;

(7) The claimant may not defer taxes under both this chapter and chapter 84.38 RCW; and

(8) In the case of deferred special assessments, the claimant must have opted for payment of the assessments on the installment method if this method was available.

NEW SECTION. Sec. 3. The definitions in RCW 84.38.020 apply to this chapter. For purposes of this chapter, references to "this chapter" in any of the definitions in RCW 84.38.020 shall be interpreted to refer to chapter 84.— RCW (this chapter), unless the context clearly requires otherwise.

NEW SECTION. Sec. 4. (1) Each claimant electing to defer payment of special assessments or real property tax obligations, or both, under this chapter shall file with the county assessor, on forms prescribed by the department and supplied by the assessor, a written declaration thereof. The declaration to defer special assessments and/or real property taxes for any year shall be filed no later than the first day of September of the year for which the deferral is sought: PROVIDED, That for good cause shown, the department may waive this requirement.

(2) The declaration shall designate the property to which the deferral applies, and shall include a statement setting forth (a) a list of all members of the claimant's household, (b) the claimant's equity value in his or her residence, (c) facts establishing the eligibility for the deferral under the provisions of this chapter, and (d) any other relevant information required by the rules of the department. Each copy shall be signed by the claimant subject to the penalties as provided in chapter 9A.72 RCW for false swearing.

(3) The county assessor shall determine if each claimant shall be granted a deferral for each year but the claimant shall have the right to appeal this determination to the county board of equalization, in accordance with the provisions of RCW 84.40.038, whose decision shall be final as to the deferral of that year.

NEW SECTION. Sec. 5. (1) The provisions of RCW 84.38.050(1)(b) apply to declarations to defer special assessments or property taxes, or both, for all years following the first year.

(2) The provisions of RCW 84.38.070 apply to claimants ceasing to reside permanently on the property for which the declaration to defer is made between the date of filing the declaration and December 15th of that year.

NEW SECTION. Sec. 6. A person's right to defer special assessments or property tax obligations, or both, under this chapter may not be reduced by contract or agreement.

NEW SECTION. Sec. 7. Whenever a person's special assessment or real property tax obligation, or both, is deferred under the provisions of this chapter, the amount deferred and required to be paid pursuant to RCW 84.38.120 shall become a lien in favor of the state upon his or her property and shall have priority as provided in chapters 35.50 and 84.60 RCW: PROVIDED, That the interest of a mortgage or purchase contract holder who requires an accumulation of reserves out of which real estate taxes are paid shall have priority to said deferred lien. This lien may accumulate up to forty percent of the amount of the claimant's equity value in said property and the rate of interest shall be an average of the federal short-term rate as defined in 26 U.S.C. Sec. 1274(d) plus two percentage points. The rate set for each new year shall be computed by taking an arithmetical average to the nearest percentage point of the federal

short-term rate, compounded annually. That average shall be calculated using the rates from four months: January, April, and July of the calendar year immediately preceding the new year, and October of the previous preceding year. The interest shall be calculated from the time it could have been paid before delinquency until said obligation is paid. In the case of a mobile home, the department of licensing shall show the state's lien on the certificate of ownership for the mobile home. In the case of all other property, the department of revenue shall file a notice of the deferral with the county recorder or auditor.

NEW SECTION. Sec. 8. Special assessments or real property tax obligations, or both, deferred under this chapter shall become payable together with interest as provided in section 7 of this act:

(1) Upon the sale of property which has a deferred special assessment lien or real property tax lien, or both, upon it;

(2) Upon the death of the claimant with an outstanding deferred special assessment lien or real property tax lien, or both, except a surviving spouse who is qualified under this chapter may elect to incur the special assessment lien or real property tax lien, or both, which shall then be payable by that spouse as provided in this section;

(3) Upon the condemnation of property with a deferred special assessment lien or real property tax lien, or both, upon it by a public or private body exercising eminent domain power, except as otherwise provided in RCW 84.60.070; or

(4) At such time as the claimant ceases to reside permanently in the residence upon which the deferral has been granted.

NEW SECTION. Sec. 9. The provisions of RCW 84.38.110, 84.38.120, 84.38.140, 84.38.150, 84.38.160, 84.38.170, and 84.38.180 apply to this chapter to the extent that they do not conflict with the provisions of this chapter. For purposes of this chapter, references to "this chapter" in any of the statutes listed in this section shall be interpreted to refer to chapter 84.— RCW (this chapter) unless the context clearly requires otherwise.

NEW SECTION. Sec. 10. Sections 1 through 9 of this act constitute a new chapter in Title 84 RCW.

NEW SECTION. Sec. 11. 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. 12. This act applies to taxes due and payable after April 30, 2008, and thereafter.

NEW SECTION. Sec. 13. (1) During calendar year 2011, the joint legislative audit and review committee shall review the property tax deferral program under chapter 84.— RCW (sections 1 through 9 of this act). The department of revenue and county assessors shall provide the committee with any data within its purview that the committee considers necessary to conduct the review. By December 1, 2011, the joint legislative audit and review committee shall report to the legislature the results of its review.

(2) As part of its review under subsection (1) of this section, the committee shall study and report on:

- (a) The effectiveness of the property tax deferral program in assisting families in economic distress in remaining in their homes;
 - (b) The effectiveness of the property tax deferral program in decreasing the default rate on residential mortgages for the statewide population within the income threshold of the program;
 - (c) The number of potential participants per thousand population by geographic region;
 - (d) The ratio of actual deferral program participants to potential deferral program participants by geographic region;
 - (e) The ratio of average annual household property taxes for deferral program participants and average annual income of deferral program participants by geographic region;
 - (f) Economic conditions in the housing and lending markets for the prior three years and the forecasted economic conditions for the current biennium and the next succeeding biennium;
 - (g) Annual costs specific to the administration of the deferral program;
 - (h) Total annual costs of the deferral program;
 - (i) Recommended changes to the deferral program that would increase program participation;
 - (j) Any other recommendations the committee may have to improve the deferral program; and
 - (k) Any other factors that the committee considers necessary to properly evaluate the deferral program.
- (3) This section expires January 1, 2012.

NEW SECTION. Sec. 14. 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.

Passed by the Senate November 29, 2007.

Passed by the House November 29, 2007.

Approved by the Governor November 29, 2007.

Filed in Office of Secretary of State November 30, 2007.

WASHINGTON LAWS

2008 REGULAR SESSION

CHAPTER 1

[Initiative 960]

TAXPAYER PROTECTION ACT

AN ACT Relating to tax and fee increases imposed by state government; amending RCW 43.88A.020, 43.88A.030, 43.135.035, 29A.72.040, 29A.72.250, 29A.72.290, 29A.32.031, 29A.32.070, and 43.135.055; adding a new section to chapter 43.135 RCW; adding new sections to chapter 29A.72 RCW; creating new sections; and providing an effective date.

Be it enacted by the People of the State of Washington:

INTENT

NEW SECTION. Sec. 1. Washington has a long history of public interest in tax increases. The people have clearly and consistently illustrated their ongoing and passionate desire to ensure that taxpayers are protected. The people find that even without raising taxes, the government consistently receives revenue growth many times higher than the rate of inflation every year. With this measure, the people intend to protect taxpayers by creating a series of accountability procedures to ensure greater legislative transparency, broader public participation, and wider agreement before state government takes more of the people's money. This measure protects taxpayers and relates to tax and fee increases imposed by state government. This measure would require publication of cost projections, information on public hearings, and legislators' sponsorship and voting records on bills increasing taxes and fees, allow either two-thirds legislative approval or voter approval for tax increases, and require advisory votes on tax increases blocked from citizen referendum.

The intent of sections 2, 3, and 4 of this act: The people want a thorough, independent analysis of any proposed increase in taxes and fees. The people find that legislators too often do not know the costs to the taxpayers for their tax and fee increases and this fiscal analysis by the office of financial management will provide better, more accessible information. The people want a user-friendly method to track the progress of bills increasing taxes and fees, finding that transparency and openness leads to more public involvement and better understanding. The people want information on public hearings and legislators' sponsorship and voting records on bills increasing taxes and fees and want easy access to contact information of legislators so the people's voice can be heard. Section 2(5) and (6) of this act are intended to provide active, engaged citizens with the opportunity to be notified of the status of bills increasing taxes and fees. Such a notification system is already being provided by the state supreme court with regard to judicial rulings. Intent of RCW 43.88A.020: The cost projection reports required by section 2 of this act will simplify and facilitate the creation of fiscal notes. The people want the office of financial management to fully comply with the cost projections and other requirements of section 2 on bills increasing taxes or fees before fiscal notes. Cost projections and the other information required by section 2 are critically important for the Legislature, the media, and the public to receive before fiscal notes.

The intent of section 5 of this act: The two-thirds requirement for raising taxes has been on the books since 1993 and the people find that this policy has provided the legislature with a much stronger incentive to use existing revenues more cost effectively rather than reflexively raising taxes. The people want this

policy continued and want it to be clear that tax increases inside and outside the general fund are subject to the two-thirds threshold. If the legislature cannot receive a two-thirds vote in the house of representatives and senate to raise taxes, the Constitution provides the legislature with the option of referring the tax increase to the voters for their approval or rejection at an election using a referendum bill. The people expect the legislature to respect, follow, and abide by the law, on the books for 13 years, to not raise taxes in excess of the state expenditure limit without two-thirds legislative approval and a vote of the people. Intent of RCW 43.135.035(5): When it comes to enactment of tax increases exceeding the state expenditure limit, the legislature has, in recent years, shifted money between funds to get around the voter approval requirement for tax increases above the state expenditure limit as occurred in 2005 with sections 1607 and 1701 of ESSB 6090. RCW 43.135.035(5) is intended to clarify the law so that the effective taxpayer protection of requiring voter approval for tax increases exceeding the state expenditure limit is not circumvented.

The intent of sections 6 through 13 of this act: Our state constitution guarantees to the people the right of referendum. In recent years, however, the legislature has thwarted the people's constitutional right to referendum by excessive use of the emergency clause. In 2005, for example, the legislature approved five hundred twenty-three bills and declared ninety-eight of them, nearly twenty percent, "emergencies," insulating them all from the constitution's guaranteed right to referendum. The Courts' reviews of emergency clauses have resulted in inconsistent decisions regarding the legality of them in individual cases. The people find that, if they are not allowed to vote on a tax increase, good public policy demands that at least the legislature should be aware of the voters' view of individual tax increases. An advisory vote of the people at least gives the legislature the views of the voters and gives the voters information about the bill increasing taxes and provides the voters with legislators' names and contact information and how they voted on the bill. The people have a right to know what's happening in Olympia. Intent of section 6(1) of this act: If the legislature blocks a citizen referendum through the use of an emergency clause or a citizen referendum on the tax increase is not certified for the next general election ballot, then an advisory vote on the tax increase is required. Intent of section 6(4) of this act: If there's a binding vote on the ballot, there's no need for a non-binding vote.

The intent of section 14 of this act: The people want to return the authority to impose or increase fees from unelected officials at state agencies to the duly elected representatives of the legislature or to the people. The people find that fee increases should be debated openly and transparently and up-or-down votes taken by our elected representatives so the people are given the opportunity to hold them accountable at the next election.

**PROTECTING TAXPAYERS BY REQUIRING PUBLICATION OF
COST PROJECTIONS, INFORMATION ON PUBLIC HEARINGS,
AND LEGISLATORS' SPONSORSHIP AND VOTING RECORDS
ON BILLS INCREASING TAXES AND FEES**

NEW SECTION. **Sec. 2.** A new section is added to chapter 43.135 RCW and reads as follows:

(1) For any bill introduced in either the house of representatives or the senate that raises taxes as defined by RCW 43.135.035 or increases fees, the office of financial management must expeditiously determine its cost to the taxpayers in its first ten years of imposition, must promptly and without delay report the results of its analysis by public press release via email to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its web site. Any ten-year cost projection must include a year-by-year breakdown. For any bill containing more than one revenue source, a ten-year cost projection for each revenue source will be included along with the bill's total ten-year cost projection. The press release shall include the names of the legislators, and their contact information, who are sponsors and co-sponsors of the bill so they can provide information to, and answer questions from, the public.

(2) Any time any legislative committee schedules a public hearing on a bill that raises taxes as defined by RCW 43.135.035 or increases fees, the office of financial management must promptly and without delay report the results of its most up-to-date analysis of the bill required by subsection (1) of this section and the date, time, and location of the hearing by public press release via email to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its web site. The press release required by this subsection must include all the information required by subsection (1) of this section and the names of the legislators, and their contact information, who are members of the legislative committee conducting the hearing so they can provide information to, and answer questions from, the public.

(3) Each time a bill that raises taxes as defined by RCW 43.135.035 or increases fees is approved by any legislative committee or by at least a simple majority in either the house of representatives or the senate, the office of financial management must expeditiously re-examine and re-determine its ten-year cost projection due to amendment or other changes during the legislative process, must promptly and without delay report the results of its most up-to-date analysis by public press release via email to each member of the house of representatives, each member of the senate, the news media, and the public, and must post and maintain these releases on its web site. Any ten-year cost projection must include a year-by-year breakdown. For any bill containing more than one revenue source, a ten-year cost projection for each revenue source will be included along with the bill's total ten-year cost projection. The press release shall include the names of the legislators, and their contact information, and how they voted on the bill so they can provide information to, and answer questions from, the public.

(4) For the purposes of this section, "names of legislators, and their contact information" includes each legislator's position (Senator or Representative), first

name, last name, party affiliation (for example, Democrat or Republican), city or town they live in, office phone number, and office email address.

(5) For the purposes of this section, "news media" means any member of the press or media organization, including newspapers, radio, and television, that signs up with the office of financial management to receive the public press releases by email.

(6) For the purposes of this section, "the public" means any person, group, or organization that signs up with the office of financial management to receive the public press releases by email.

Sec. 3. RCW 43.88A.020 and 1994 c 219 s 3 are each amended to read as follows:

The office of financial management shall, in cooperation with appropriate legislative committees and legislative staff, establish a procedure for the provision of fiscal notes on the expected impact of bills and resolutions which increase or decrease or tend to increase or decrease state government revenues or expenditures. Such fiscal notes shall indicate by fiscal year the impact for the remainder of the biennium in which the bill or resolution will first take effect as well as a cumulative forecast of the fiscal impact for the succeeding four fiscal years. Fiscal notes shall separately identify the fiscal impacts on the operating and capital budgets. Estimates of fiscal impacts shall be calculated using the procedures contained in the fiscal note instructions issued by the office of financial management.

In establishing the fiscal impact called for pursuant to this chapter, the office of financial management shall coordinate the development of fiscal notes with all state agencies affected.

The preparation and dissemination of the ongoing cost projections and other requirements of section 2 of this act for bills increasing taxes or fees shall take precedence over fiscal notes.

Sec. 4. RCW 43.88A.030 and 1986 c 158 s 16 are each amended to read as follows:

When a fiscal note is prepared and approved as to form, accuracy, and completeness by the office of financial management, which depicts the expected fiscal impact of a bill or resolution, copies shall be filed immediately with:

- (1) The chairperson of the committee to which the bill or resolution was referred upon introduction in the house of origin;
- (2) The senate committee on ways and means, or its successor; and
- (3) The house committees on revenue and appropriations, or their successors.

Whenever possible, such fiscal note and, in the case of a bill increasing taxes or fees, the cost projection and other information required under section 2 of this act shall be provided prior to or at the time the bill or resolution is first heard by the committee of reference in the house of origin.

When a fiscal note has been prepared for a bill or resolution, a copy of the fiscal note shall be placed in the bill books or otherwise attached to the bill or resolution and shall remain with the bill or resolution throughout the legislative process insofar as possible. For bills increasing taxes or fees, the cost projection and other information required by section 2 of this act shall be placed in the bill

books or otherwise attached to the bill or resolution and shall remain with the bill or resolution throughout the legislative process insofar as possible.

**PROTECTING TAXPAYERS BY ALLOWING EITHER TWO-THIRDS
LEGISLATIVE APPROVAL OR VOTER APPROVAL
FOR TAX INCREASES**

Sec. 5. RCW 43.135.035 and 2005 c 72 s 5 are each amended to read as follows:

(1) After July 1, 1995, any action or combination of actions by the legislature that ~~((raises state revenue or requires revenue neutral tax shifts))~~ raises taxes may be taken only if approved by a two-thirds vote of each house of the legislature, and then only if state expenditures in any fiscal year, including the new revenue, will not exceed the state expenditure limits established under this chapter. Pursuant to the referendum power set forth in Article II, section 1(b) of the state Constitution, tax increases may be referred to the voters for their approval or rejection at an election.

(2)(a) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure limit, then the action of the legislature shall not take effect until approved by a vote of the people at a November general election. The state expenditure limit committee shall adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. This adjustment shall not exceed the amount of revenue generated by the legislative action during the first full fiscal year in which it is in effect. The state expenditure limit shall be adjusted downward upon expiration or repeal of the legislative action.

(b) The ballot title for any vote of the people required under this section shall be substantially as follows:

"Shall taxes be imposed on in order to allow a spending increase above last year's authorized spending adjusted for inflation and population increases?"

(3)(a) The state expenditure limit may be exceeded upon declaration of an emergency for a period not to exceed twenty-four months by a law approved by a two-thirds vote of each house of the legislature and signed by the governor. The law shall set forth the nature of the emergency, which is limited to natural disasters that require immediate government action to alleviate human suffering and provide humanitarian assistance. The state expenditure limit may be exceeded for no more than twenty-four months following the declaration of the emergency and only for the purposes contained in the emergency declaration.

(b) Additional taxes required for an emergency under this section may be imposed only until thirty days following the next general election, unless an extension is approved at that general election. The additional taxes shall expire upon expiration of the declaration of emergency. The legislature shall not impose additional taxes for emergency purposes under this subsection unless funds in the education construction fund have been exhausted.

(c) The state or any political subdivision of the state shall not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993.

(4) If the cost of any state program or function is shifted from the state general fund or a related fund to another source of funding, or if moneys are transferred from the state general fund or a related fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money from the state general fund or a related fund to another fund or account includes any state legislative action taken that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund or a related fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to the dedication or use of lottery revenues under RCW 67.70.240(3) or property taxes under RCW 84.52.068, in support of education or education expenditures.

(5) If the cost of any state program or function and the ongoing revenue necessary to fund the program or function are shifted to the state general fund or a related fund on or after January 1, 2007, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall increase the state expenditure limit to reflect the shift unless the shifted revenue had previously been shifted from the general fund or a related fund.

(6) For the purposes of this act, "raises taxes" means any action or combination of actions by the legislature that increases state tax revenue deposited in any fund, budget, or account, regardless of whether the revenues are deposited into the general fund.

**PROTECTING TAXPAYERS BY REQUIRING AN ADVISORY VOTE
OF THE PEOPLE WHEN THE LEGISLATURE BLOCKS A TAX
INCREASE FROM A PUBLIC VOTE**

NEW SECTION. **Sec. 6.** A new section is added to chapter 43.135 RCW and reads as follows:

(1) If legislative action raising taxes as defined by RCW 43.135.035 is blocked from a public vote or is not referred to the people by a referendum petition found to be sufficient under RCW 29A.72.250, a measure for an advisory vote of the people is required and shall be placed on the next general election ballot under this act.

(a) If legislative action raising taxes involves more than one revenue source, each tax being increased shall be subject to a separate measure for an advisory vote of the people under the requirements of this act.

(2) No later than the first of August, the attorney general will send written notice to the secretary of state of any tax increase that is subject to an advisory vote of the people, under the provisions and exceptions provided by this act. Within five days of receiving such written notice from the attorney general, the secretary of state will assign a serial number for a measure for an advisory vote of the people and transmit one copy of the measure bearing its serial number to the attorney general as required by RCW 29A.72.040, for any tax increase identified by the attorney general as needing an advisory vote of the people for that year's general election ballot. Saturdays, Sundays, and legal holidays are not counted in calculating the time limits in this subsection.

(3) For the purposes of this section, "blocked from a public vote" includes adding an emergency clause to a bill increasing taxes, bonding or contractually obligating taxes, or otherwise preventing a referendum on a bill increasing taxes.

(4) If legislative action raising taxes is referred to the people by the legislature or is included in an initiative to the people found to be sufficient under RCW 29A.72.250, then the tax increase is exempt from an advisory vote of the people under this act.

Sec. 7. RCW 29A.72.040 and 2003 c 111 s 1805 are each amended to read as follows:

The secretary of state shall give a serial number to each initiative, referendum bill, ~~((or))~~ referendum measure, or measure for an advisory vote of the people, using a separate series for initiatives to the legislature, initiatives to the people, referendum bills, ~~((and))~~ referendum measures, and measures for an advisory vote of the people, and forthwith transmit one copy of the measure proposed bearing its serial number to the attorney general. Thereafter a measure shall be known and designated on all petitions, ballots, and proceedings as "Initiative Measure No.," "Referendum Bill No.," ~~((or))~~ "Referendum Measure No." or "Advisory Vote No."

NEW SECTION. Sec. 8. A new section is added to RCW 29A.72 and shall read as follows:

Within five days of receipt of a measure for an advisory vote of the people from the secretary of state under RCW 29A.72.040 the attorney general shall formulate a short description not exceeding thirty-three words and not subject to appeal, of each tax increase and shall transmit a certified copy of such short description meeting the requirements of this section to the secretary of state. The description must be formulated and displayed on the ballot substantially as follows:

"The legislature imposed, without a vote of the people, (identification of tax and description of increase), costing (most up-to-date ten-year cost projection, expressed in dollars and rounded to the nearest million) in its first ten years, for government spending. This tax increase should be:

Repealed []
Maintained []"

Saturdays, Sundays, and legal holidays are not counted in calculating the time limits in this section. The words "This tax increase should be: Repealed . . . [] Maintained . . . []" are not counted in the thirty-three word limit for a short description under this section.

NEW SECTION. Sec. 9. A new section is added to RCW 29A.72 and shall read as follows:

When the short description is finally established under section 8 of this act, the secretary of state shall file the instrument establishing it with the proposed measure and transmit a copy thereof by mail to the chief clerk of the house of representatives, the secretary of the senate, and to any other individuals who have made written request for such notification. Thereafter such short description shall be the description of the measure in all ballots and other proceedings in relation thereto.

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Sec. 10. RCW 29A.72.250 and 2003 c 111 s 1825 are each amended to read as follows:

If a referendum or initiative petition for submission of a measure to the people is found sufficient, the secretary of state shall at the time and in the manner that he or she certifies for the county auditors of the various counties the names of candidates for state and district officers certify to each county auditor the serial numbers and ballot titles of the several initiative and referendum measures and serial numbers and short descriptions of measures submitted for an advisory vote of the people to be voted upon at the next ensuing general election or special election ordered by the legislature.

Sec. 11. RCW 29A.72.290 and 2003 c 111 s 1829 are each amended to read as follows:

The county auditor of each county shall print on the official ballots for the election at which initiative and referendum measures and measures for an advisory vote of the people are to be submitted to the people for their approval or rejection, the serial numbers and ballot titles certified by the secretary of state and the serial numbers and short descriptions of measures for an advisory vote of the people. They must appear under separate headings in the order of the serial numbers as follows:

(1) Measures proposed for submission to the people by initiative petition will be under the heading, "Proposed by Initiative Petition";

(2) Bills passed by the legislature and ordered referred to the people by referendum petition will be under the heading, "Passed by the Legislature and Ordered Referred by Petition";

(3) Bills passed and referred to the people by the legislature will be under the heading, "Proposed to the People by the Legislature";

(4) Measures proposed to the legislature and rejected or not acted upon will be under the heading, "Proposed to the Legislature and Referred to the People";

(5) Measures proposed to the legislature and alternative measures passed by the legislature in lieu thereof will be under the heading, "Initiated by Petition and Alternative by Legislature";

(6) Measures for an advisory vote of the people under RCW 29A.72.040 will be under the heading, "Advisory Vote of the People".

Sec. 12. RCW 29A.32.031 and 2004 c 271 s 121 are each amended to read as follows:

The voters' pamphlet must contain:

(1) Information about each measure for an advisory vote of the people and each ballot measure initiated by or referred to the voters for their approval or rejection as required by RCW 29A.32.070;

(2) In even-numbered years, statements, if submitted, advocating the candidacies of nominees for the office of president and vice president of the United States, United States senator, United States representative, governor, lieutenant governor, secretary of state, state treasurer, state auditor, attorney general, commissioner of public lands, superintendent of public instruction, insurance commissioner, state senator, state representative, justice of the supreme court, judge of the court of appeals, or judge of the superior court. Candidates may also submit a campaign mailing address and telephone number and a photograph not more than five years old and of a size and quality that the

secretary of state determines to be suitable for reproduction in the voters' pamphlet;

(3) In odd-numbered years, if any office voted upon statewide appears on the ballot due to a vacancy, then statements and photographs for candidates for any vacant office listed in subsection (2) of this section must appear;

(4) In even-numbered years, a section explaining how voters may participate in the election campaign process; the address and telephone number of the public disclosure commission established under RCW 42.17.350; and a summary of the disclosure requirements that apply when contributions are made to candidates and political committees;

(5) In even-numbered years the name, address, and telephone number of each political party with nominees listed in the pamphlet, if filed with the secretary of state by the state committee of a major political party or the presiding officer of the convention of a minor political party;

(6) In each odd-numbered year immediately before a year in which a president of the United States is to be nominated and elected, information explaining the precinct caucus and convention process used by each major political party to elect delegates to its national presidential candidate nominating convention. The pamphlet must also provide a description of the statutory procedures by which minor political parties are formed and the statutory methods used by the parties to nominate candidates for president;

(7) An application form for an absentee ballot;

(8) A brief statement explaining the deletion and addition of language for proposed measures under RCW 29A.32.080;

(9) Any additional information pertaining to elections as may be required by law or in the judgment of the secretary of state is deemed informative to the voters.

Sec. 13. RCW 29A.32.070 and 2003 c 111 s 807 are each amended to read as follows:

The secretary of state shall determine the format and layout of the voters' pamphlet. The secretary of state shall print the pamphlet in clear, readable type on a size, quality, and weight of paper that in the judgment of the secretary of state best serves the voters. The pamphlet must contain a table of contents. Federal and state offices must appear in the pamphlet in the same sequence as they appear on the ballot. Measures and arguments must be printed in the order specified by RCW 29A.72.290.

The voters' pamphlet must provide the following information for each statewide issue on the ballot except measures for an advisory vote of the people whose requirements are provided in subsection (11) of this section:

(1) The legal identification of the measure by serial designation or number;

(2) The official ballot title of the measure;

(3) A statement prepared by the attorney general explaining the law as it presently exists;

(4) A statement prepared by the attorney general explaining the effect of the proposed measure if it becomes law;

(5) The fiscal impact statement prepared under *RCW 29.79.075;

(6) The total number of votes cast for and against the measure in the senate and house of representatives, if the measure has been passed by the legislature;

(7) An argument advocating the voters' approval of the measure together with any statement in rebuttal of the opposing argument;

(8) An argument advocating the voters' rejection of the measure together with any statement in rebuttal of the opposing argument;

(9) Each argument or rebuttal statement must be followed by the names of the committee members who submitted them, and may be followed by a telephone number that citizens may call to obtain information on the ballot measure;

(10) The full text of the measure;

(11) Two pages shall be provided in the general election voters' pamphlet for each measure for an advisory vote of the people under section 6 of this act and shall consist of the serial number assigned by the secretary of state under RCW 29A.72.040, the short description formulated by the attorney general under section 8 of this act, the tax increase's most up-to-date ten-year cost projection, including a year-by-year breakdown, by the office of financial management under section 2 of this act, and the names of the legislators, and their contact information, and how they voted on the increase upon final passage so they can provide information to, and answer questions from, the public. For the purposes of this subsection, "names of legislators, and their contact information" includes each legislator's position (Senator or Representative), first name, last name, party affiliation (for example, Democrat or Republican), city or town they live in, office phone number, and office email address.

PROTECTING TAXPAYERS BY REQUIRING FEE INCREASES TO BE VOTED ON BY ELECTED REPRESENTATIVES, RATHER THAN IMPOSED BY UNELECTED OFFICIALS AT STATE AGENCIES

Sec. 14. RCW 43.135.055 and 2001 c 314 s 19 are each amended to read as follows:

(1) No fee may be imposed or increased in any fiscal year (~~(by a percentage in excess of the fiscal growth factor for that fiscal year)~~) without prior legislative approval and must be subject to the accountability procedures required by section 2 of this act.

(2) This section does not apply to an assessment made by an agricultural commodity commission or board created by state statute or created under a marketing agreement or order under chapter 15.65 or 15.66 RCW, or to the forest products commission, if the assessment is approved by referendum in accordance with the provisions of the statutes creating the commission or board or chapter 15.65 or 15.66 RCW for approving such assessments.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 15.** The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

SEVERABILITY CLAUSE

NEW SECTION. **Sec. 16.** 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.

MISCELLANEOUS

NEW SECTION. **Sec. 17.** Subheadings and part headings used in this act are not part of the law.

NEW SECTION. **Sec. 18.** This act shall be known and cited as the Taxpayer Protection Act of 2007.

NEW SECTION. **Sec. 19.** This act takes effect December 6, 2007.

Originally filed in the Office of Secretary of State January 8, 2007.

Approved by the People of the State of Washington in the General Election November 6, 2007.

CHAPTER 2

[Senate Bill 6335]

HOMELESS FAMILIES SERVICES FUND

AN ACT Relating to the homeless families services fund; making an appropriation; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. **Sec. 1.** The sum of six million dollars is appropriated for the fiscal year ending June 30, 2008, from the general fund to the office of financial management for expenditure into the homeless families services fund for the purpose of replenishing the Washington families fund to match private donations.

NEW SECTION. **Sec. 2.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

Passed by the Senate January 18, 2008.

Passed by the House February 6, 2008.

Approved by the Governor February 6, 2008.

Filed in Office of Secretary of State February 8, 2008.

CHAPTER 3

[Senate Bill 6272]

FINANCIAL LITERACY AND HOMEOWNERSHIP SECURITY

AN ACT Relating to expanding financial literacy through education and counseling to promote greater homeownership security; adding new sections to chapter 43.320 RCW; making appropriations; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. **Sec. 1.** A new section is added to chapter 43.320 RCW to read as follows:

The director of financial institutions or the director's designee shall:

(1) Disseminate information to the public concerning the laws regulating financial institutions of this state; and

(2) Provide assistance to members of the public in obtaining information about financial products.

NEW SECTION. Sec. 2. A new section is added to chapter 43.320 RCW to read as follows:

The director of financial institutions or the director's designee may establish, administer, and implement financial literacy and education programs, including but not limited to:

(1) Education and outreach programs that assist Washington citizens of all ages in understanding saving, investing, and budgeting, and other skills necessary to obtain individual financial independence, fiscal responsibility, and financial management skills.

(2) Counseling, marketing, and outreach programs regarding residential mortgage transactions, nontraditional or subprime mortgages, predatory lending practices, or other financial products or practices in the marketplace relating to homeownership.

The department may deliver the programs in subsections (1) and (2) of this section using grants, contracts, or interagency agreements with state and local governments and other nongovernmental organizations as necessary. The department may coordinate these programs with ongoing efforts by other public and private sector entities to maximize the programs' effectiveness.

NEW SECTION. Sec. 3. A new section is added to chapter 43.320 RCW to read as follows:

The director or his or her designee shall convene an interagency work group to identify current state funded efforts to support financial literacy, assess whether there are opportunities to create a centralized location of information regarding these existing state efforts, and to identify whether there are opportunities for expanding partnerships with other community entities also providing financial literacy services. A report of the findings and recommendations of this interagency work group shall be due to the governor and the appropriate committees of the legislature by December 1, 2008.

NEW SECTION. Sec. 4. (1) The sum of seven hundred thousand dollars, or as much thereof as may be necessary, is appropriated for the fiscal year ending June 30, 2008, from the general fund to the department of financial institutions for homeownership prepurchase outreach and education and postpurchase counseling and support.

(2) The sum of eight hundred thousand dollars, or as much thereof as may be necessary, is appropriated for the fiscal year ending June 30, 2009, from the general fund to the department of financial institutions for homeownership prepurchase outreach and education and postpurchase counseling and support.

NEW SECTION. Sec. 5. 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.

Passed by the Senate January 18, 2008.

Passed by the House February 6, 2008.

Approved by the Governor February 11, 2008.

Filed in Office of Secretary of State February 11, 2008.

CHAPTER 4

[Substitute Senate Bill 6794]

FERRY VESSELS

AN ACT Relating to the procurement of new ferry vessels that carry no more than one hundred motor vehicles; adding a new section to chapter 47.56 RCW; creating a new section; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. Washington's marine highways provide vital transportation links between communities. Citizens, businesses, and visitors depend on the state's ferry system to provide safe, dependable auto and passenger service in order to conduct daily life and commerce activities. On November 20, 2007, the secretary of the department of transportation ordered the eighty-year old steel electric class vessels to be immediately removed from service because previously undetected corrosion and pitting in the vessel hulls posed a risk to the safety of passengers and crew. The emergency removal of the state ferry system's steel electric class vessels has imposed a significant hardship on the citizens and businesses served by those vessels. Therefore, an expedited procurement is required for the construction of new vessels to fully restore service to routes previously served by the steel electric class vessels.

NEW SECTION. Sec. 2. A new section is added to chapter 47.56 RCW to read as follows:

(1) The department shall construct one or more new ferry vessels for service on routes that require a vessel that carries no more than one hundred motor vehicles. The department shall include in the procurement of the new vessels a requirement that the vessels be constructed within the boundaries of the state of Washington, except that equipment furnished by the state and components, products, and systems that are standard manufactured items are not subject to the in-state requirement under this subsection.

(2) For purposes of this section, "constructed" means: The fabrication, by the joining together by welding or fastening, of all steel parts from which the total vessel is constructed including, but not limited to, all shell frames, longitudinals, bulkheads, webs, piping runs, wire ways, and ducting. "Constructed" also means (a) the installation of all components and systems including, but not limited to, equipment and machinery, castings, electrical, electronics, deck covering, lining, paint, and joiner work required by the contract and (b) the interconnection of all equipment, machinery, and services, such as piping, wiring, and ducting.

(3) The procurement of the new ferry vessels must also include a requirement that all warranty work on the vessels be performed within the boundaries of the state of Washington, insofar as practicable.

NEW SECTION. Sec. 3. 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.

Passed by the Senate February 6, 2008.

Passed by the House February 12, 2008.

Approved by the Governor February 14, 2008.

Filed in Office of Secretary of State February 14, 2008.

CHAPTER 5

[House Bill 2437]

PUBLIC WORKS PROJECTS

AN ACT Relating to authorization for projects recommended by the public works board; creating a new section; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. Pursuant to chapter 43.155 RCW, the following project loans recommended by the public works board are authorized to be made with funds appropriated from the public works assistance account, and no loan authorized in this act shall bear an interest rate greater than one-half of one percent:

- (1) Arlington—sanitary sewer project—expand and upgrade the wastewater treatment plant and biosolids composting facility to meet new discharge limitations, produce a higher quality effluent, and accommodate future growth \$10,000,000
- (2) Auburn—street project—reconstruct approximately 0.3 miles of roadway with four travel lanes to bring up to current arterial and truck route standards and modify intersection to optimize efficiency and level of service \$1,800,000
- (3) Blaine—sanitary sewer project—construct a new wastewater treatment plant and section of outfall pipe to increase treatment capacity, produce reuse quality water, and improve Puget Sound water quality for shellfish \$10,000,000
- (4) Bonney Lake—domestic water project—replace approximately 71,000 linear feet of leaky water mains to reduce current water loss by ten percent \$5,352,000
- (5) Bonney Lake—sanitary sewer project—replace approximately 12,000 linear feet of failing interceptor sewer pipes. \$4,648,000
- (6) Buckley—sanitary sewer project—rebuild the wastewater treatment plant to provide nutrient removal and meet state and federal discharge regulations and the construction of an interceptor \$5,000,000
- (7) Camas—sanitary sewer project—construct improvements to the wastewater treatment facilities to provide class A biosolids at the main sewage pump station \$10,000,000
- (8) Clark county—road project—construct new road segments, widen roadways, improve and redesign intersections, and install and modify traffic signals necessary to improve a major interchange with two freeways \$10,000,000
- (9) Clark regional wastewater district—sanitary sewer project—modify existing and construct new wastewater facilities to process approximately 4.65 million gallons more of wastewater per day and ensure treatment processes continue to be in compliance with current regulations \$8,000,000
- (10) Coal creek utility district—sanitary sewer project—construct sewer lift station, approximately 1,250 lineal feet of gravity sewer main, and 500 feet of force main to provide public sewer to approximately 25 properties on a lake that have private septic systems that have failed or are in prefailure status \$898,875

- (11) College Place—domestic water project—construct two steel tanks, a booster station, approximately 6,000 feet of transmission line, 3,400 feet of water mains, three pressure reducing valves, and associated telemetry to rectify a deficiency in fire flow and standby water storage protection. \$4,710,051
- (12) Cowlitz county public utility district No. 1—domestic water project—construction of approximately six new groundwater supply wells, 2,100 feet of raw water piping a new water treatment plant producing approximately 20 million gallons per day of potable water, and approximately 4,350 feet of transmission main to connect to the system to replace current water supply that is being impacted by increasing water sediment. \$3,213,000
- (13) Ephrata—domestic water project—replace approximately 68,000 feet of failing water mains, 50,000 feet of failing water service pipes, and the resurfacing of 20 miles of overlaying roadway, including approximately 100 fire hydrants, 400 catch basins, 15 storm sewer drywells, 22,000 feet of curb and gutter, and 16,000 feet of storm sewer pipe \$6,605,727
- (14) Freeland water district—domestic water project—connect a new well and new reservoir to the existing system, rehabilitate the existing well, and install new equipment to increase system reliability, redundancy, and capacity. Install new chlorination equipment to improve water quality \$347,516
- (15) Gig Harbor—sanitary sewer project—improvements to the wastewater treatment plant including new equipment and electrical work, add a third clarifier, install ultraviolet disinfection, and extend and upsize the outfall \$10,000,000
- (16) Highline water district—domestic water project—construction of 11,350 feet of transmission main and looping of pipes to eliminate low pressures and fire flows and improve water quality, and create a new pressure zone to correct high pressures \$5,390,418
- (17) Karcher creek sewer district—sanitary sewer project—install a new sewer system, including a lift station and approximately 3,600 lineal feet of sewer main, in conjunction with a road project to service approximately 17 homes that will lose their septic systems due to the road project. . . . \$1,358,130
- (18) Kennewick—sanitary sewer project—construct improvements to critical wastewater treatment plant processes to enhance reliability, improve energy efficiency and redundancy, as well as increase the capacity of the sludge pumping station. \$5,500,000
- (19) Kent—street project—construct two bridges, one for the roadway over a set of railroad tracks, and one for railroad tracks over a lowered roadway. This will grade separate the tracks from the roadway to provide safe and reliable operations twenty-four hours a day. \$10,000,000
- (20) King county—sanitary sewer project—construct 13,100 lineal feet of pipe to convey approximately 9 million gallons per day of reclaimed water to reduce withdrawals of 250-acre feet per year from the Sammamish river. \$7,000,000
- (21) La Center—sanitary sewer project—upgrade wastewater treatment plant to reduce the levels of nitrogen discharged in the effluent and approximately doubling the operation of the plant and producing class A reuse water \$10,000,000
- (22) Lake Forest Park water district—domestic water project—replace approximately 6,915 lineal feet of undersized and corroded water pipes to

improve safety and reliability of the system by reducing pipe failures and increasing fire flow \$917,935

(23) Lake Stevens—sanitary sewer project—construct a new wastewater treatment plant, 9,500 feet of interceptor line, a pump station, and an outfall pipe in partnership with Lake Stevens sewer district \$10,000,000

(24) Lake Stevens sewer district—sanitary sewer project—construct a new wastewater treatment plant, 9,500 feet of interceptor line, a pump station, and an outfall pipe in partnership with the city of Lake Stevens \$10,000,000

(25) Lakewood—sanitary sewer project—construct 3 pump stations, approximately 17,200 linear feet of force mains, 13,500 linear feet of gravity collector pipe line, and 320 side sewer stubs to service two neighborhoods currently served exclusively by septic systems \$1,840,000

(26) LOTT alliance—sanitary sewer project—construct approximately 7,400 feet of force main and replace existing pump station with new 1,000 gallon per minute pump station. \$4,003,807

(27) Mansfield—sanitary sewer project—expand and rehabilitate wastewater treatment lagoons and effluent spray irrigation system as well as remove the discharge of groundwater from basement sump pumps to the collection system. \$235,600

(28) Midway sewer district—sanitary sewer project—replace approximately 16,500 lineal feet of sewer mains and 50 manholes to reduce infiltration and inflow \$3,782,500

(29) Mount Vernon—sanitary sewer project—upgrade existing wastewater treatment plant, including a new pretreatment facility, 4 additional clarifiers, upgrade aeration basins, installation of an ultraviolet disinfection system, and odor control system. \$10,000,000

(30) Newcastle—road project—reconstruct, widen, and signalize approximately 5,200 linear feet of road to 2 lanes in each direction, add left turn lanes, sidewalks, bicycle lanes, install lighting systems, replace two-lane bridge with a four-lane bridge, and install new traffic signals. \$5,000,000

(31) Olympia—sanitary sewer project—install approximately 6,500 linear feet of sewer mains and construct a lift station to serve 63 homes with failing on-site sewage systems. \$1,808,375

(32) Olympus Terrace sewer district—sanitary sewer project—rehabilitate approximately 9,350 linear feet of sewer trunkline, construct approximately 9,800 linear feet of high-flow storm water bypass piping for excess flow, construct approximately 4,150 linear feet of road access, and restore creek habitat \$8,000,000

(33) Omak—sanitary sewer project—add 2 compost containers, convert storage tank to sludge holding tank, and install a second headworks screen to increase the wastewater treatment plant capacity by 35 percent \$450,000

(34) Port Angeles—sanitary sewer project—construct approximately 11,500 feet of sewer main, modify a storage tank, and modify the wastewater treatment plant. \$10,000,000

(35) Regional board of mayors—solid waste project—close landfill site by capping and sealing with a soil cap. \$859,500

(36) Regional board of mayors—solid waste project—construct a new solid waste transfer station, including structures and equipment \$1,541,000

- (37) Ronald wastewater district—sanitary sewer project—rehabilitate 2 lift stations by replacing pumps, valves, fittings, piping, odor control systems, and electrical equipment \$955,400
- (38) Seattle—domestic water project—replace floating pumps with land-based pump station with a maximum capacity of approximately 250 million gallons per day, including 8 pumps, concrete structure, a tunnel, approximately 4,000 feet of pipeline, and a standby generator. \$10,000,000
- (39) Sedro-Woolley—sanitary sewer project—rehabilitate or replace 4 interceptor segments totaling approximately 29,700 linear feet, install 2 pump stations, and upgrade the secondary clarifier in order to lift a building moratorium \$6,023,491
- (40) Shelton—sanitary sewer project—construct a satellite reclamation plant with a capacity of approximately 0.4 million gallons per day to produce class A reclaimed water, approximately 22,000 linear feet of sewer pipelines, and approximately 25,000 linear feet of reclaimed water force main \$2,079,360
- (41) Shelton—sanitary sewer project—replace approximately 38,480 linear feet of mainline sewers to reduce inflow and infiltration \$5,737,500
- (42) Skagit county sewer district No. 2—sanitary sewer project—upgrade wastewater treatment plant to a water reclamation facility to provide class A reclaimed water with a capacity of approximately 0.35 million gallons per day \$10,000,000
- (43) Snohomish—sanitary sewer project—construct approximately 1,900 feet of sewer pipe, a new pump station with a capacity of approximately 8,000 gallons per minute, and approximately 4,300 feet of force main to reduce overflows \$2,000,000
- (44) Snohomish—sanitary sewer project—upgrade existing wastewater treatment plant including a new influent flow structure, screens, aerators, effluent filtration, ultraviolet disinfection, effluent pump station, improvements to the existing lagoons, and electrical improvements \$4,500,000
- (45) Snohomish county—road project—construct a new, approximately two-mile, two-lane truck route around the city of Granite Falls, including 3 roundabouts to improve safety and air quality in the downtown area \$10,000,000
- (46) Southwest Suburban sewer district—sanitary sewer project—replace and/or slipline approximately 5,470 feet of trunk/interceptor sewer main and construct a new lift station to reduce overflows \$3,268,250
- (47) Tacoma—domestic water project—replace 3 open-topped concrete reservoirs with 2 enclosed concrete reservoirs of approximately 33 million gallons each and related piping to comply with the safe drinking water act and a bilateral compliance agreement \$10,000,000
- (48) Tekoa—sanitary sewer system—reconstruct approximately 1,000 feet of failing sewer line and manholes to reduce significant groundwater infiltration \$135,115
- (49) Three rivers regional wastewater authority—sanitary sewer project—construct 2 clarifiers and associated piping to replace 2 failed clarifiers at the wastewater plant \$6,630,750
- (50) Washougal—sanitary sewer project—construct a new wastewater treatment plant headworks, including a fine screen, grit removal, and replace

approximately 150 linear feet of gravity sewer, and make improvements to the lagoons, including 450 linear feet of piping, modify overflow structures, and a new pump \$3,100,000

(51) Yakima—domestic water project—develop a new, approximately 3,000 gallon per minute, domestic water well, including drilling, placement of casing, a new pump house, and connection to the existing water distribution system in order to augment the water supply during drought conditions \$2,257,200

(52) Yakima—street project—construct 2 underpasses and reconstruct 3 lanes on each roadway under a railroad mainline to accommodate additional rail and reduce traffic and emergency response delays and air pollution \$3,000,000

NEW SECTION. **Sec. 2.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

Passed by the House February 29, 2008.

Passed by the Senate February 20, 2008.

Approved by the Governor March 7, 2008.

Filed in Office of Secretary of State March 7, 2008.

CHAPTER 6

[Second Substitute House Bill 3104]

DOMESTIC PARTNERSHIPS—RIGHTS

AN ACT Relating to expanding rights and responsibilities of all couples recognized as domestic partners under chapter 26.60 RCW; amending RCW 42.17.241, 42.52.040, 43.03.305, 43.185A.010, 43.20B.080, 70.123.020, 70.129.140, 74.42.070, 4.22.020, 5.60.060, 5.66.010, 7.69.020, 7.69B.010, 26.50.010, 4.08.030, 4.08.040, 4.20.046, 28B.15.621, 73.08.005, 72.36.030, 72.36.040, 72.36.050, 72.36.070, 72.36.110, 73.04.120, 73.36.140, 73.04.010, 73.04.115, 26.16.010, 26.16.020, 26.16.030, 26.16.050, 26.16.060, 26.16.070, 26.16.080, 26.16.090, 26.16.095, 26.16.100, 26.16.120, 26.16.140, 26.16.150, 26.16.180, 26.16.190, 26.16.200, 26.16.205, 26.16.210, 26.16.220, 26.16.230, 26.16.240, 26.16.250, 11.84.030, 64.28.010, 64.28.020, 64.28.030, 64.28.040, 9.46.231, 9A.83.030, 69.50.505, 64.06.010, 6.13.020, 6.13.060, 6.13.080, 6.13.180, 6.13.210, 6.13.220, 6.13.230, 26.16.125, 60.04.211, 82.45.010, 84.38.030, 84.38.070, 84.38.130, 84.38.150, 84.36.381, 84.36.041, 84.36.120, 84.36.383, 84.37.080, 7.36.020, 11.88.010, 11.88.040, 11.88.090, 11.88.125, 11.76.080, 11.92.140, 11.94.090, 11.94.100, 11.94.140, 11.02.005, 11.02.070, 11.02.100, 11.02.120, 11.04.095, 11.08.300, 11.10.010, 11.11.010, 11.12.051, 11.12.095, 11.12.180, 11.28.030, 11.28.131, 11.28.185, 11.54.010, 11.54.020, 11.54.030, 11.54.040, 11.54.050, 11.54.070, 11.62.005, 11.62.010, 11.62.030, 11.68.011, 11.80.130, 11.96A.030, 11.96A.120, 11.100.025, 11.04.290, 11.10.030, 11.80.010, 11.80.050, 11.114.010, 26.60.050, 26.09.004, 26.09.010, 26.09.020, 26.09.030, 26.09.040, 26.09.050, 26.09.060, 26.09.070, 26.09.080, 26.09.090, 26.09.100, 26.09.110, 26.09.120, 26.09.170, 26.09.210, 26.09.255, 26.09.280, 26.09.290, 26.09.310, 26.10.050, 26.10.180, 26.12.190, 26.18.010, 26.18.020, 26.18.030, 26.18.040, 26.18.050, 26.18.070, 26.18.090, 26.18.100, 26.18.110, 26.18.120, 26.18.140, 26.18.150, 26.19.071, 26.19.075, 26.20.035, 26.20.071, 26.20.080, 26.09.015, 26.09.194, 26.12.172, and 26.12.260; reenacting and amending RCW 42.17.020, 11.07.010, 26.09.150, and 26.09.015; adding new sections to chapter 26.60 RCW; adding a new section to chapter 26.18 RCW; creating new sections; providing effective dates; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

PART I - NOTICE

NEW SECTION. Sec. 101. (1) Sixty days before the effective date of this act, and again thirty days before the effective date of this act, the secretary of state shall send a letter to the mailing address on file of each domestic partner registered under chapter 26.60 RCW notifying the person that Washington's law on the rights and responsibilities of state registered domestic partners will change.

(2) The notice shall provide a brief summary of new laws, including changes to the laws governing community property, transfer of property, taxes, mutual responsibilities for certain debts to third parties, and other provisions. The notice shall also explain that the way domestic partnerships are terminated has changed and that, unless there are certain limited circumstances, it will be necessary to participate in a dissolution proceeding in court to end a domestic partnership.

(3) The notice shall inform the person that those domestic partners who do not wish to be subject to the new rights and responsibilities must terminate their domestic partnership before the effective date of the act.

PART II - PUBLIC OFFICIALS

Sec. 201. RCW 42.17.020 and 2007 c 358 s 1 and 2007 C 180 S 1 are each reenacted and amended to read as follows:

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

(1) "Actual malice" means to act with knowledge of falsity or with reckless disregard as to truth or falsity.

(2) "Agency" includes all state agencies and all local agencies. "State agency" includes every state office, department, division, bureau, board, commission, or other state agency. "Local agency" includes every county, city, town, municipal corporation, quasi-municipal corporation, or special purpose district, or any office, department, division, bureau, board, commission, or agency thereof, or other local public agency.

(3) "Authorized committee" means the political committee authorized by a candidate, or by the public official against whom recall charges have been filed, to accept contributions or make expenditures on behalf of the candidate or public official.

(4) "Ballot proposition" means any "measure" as defined by RCW 29A.04.091, or any initiative, recall, or referendum proposition proposed to be submitted to the voters of the state or any municipal corporation, political subdivision, or other voting constituency from and after the time when the proposition has been initially filed with the appropriate election officer of that constituency prior to its circulation for signatures.

(5) "Benefit" means a commercial, proprietary, financial, economic, or monetary advantage, or the avoidance of a commercial, proprietary, financial, economic, or monetary disadvantage.

(6) "Bona fide political party" means:

(a) An organization that has filed a valid certificate of nomination with the secretary of state under chapter 29A.20 RCW;

(b) The governing body of the state organization of a major political party, as defined in RCW 29A.04.086, that is the body authorized by the charter or bylaws of the party to exercise authority on behalf of the state party; or

(c) The county central committee or legislative district committee of a major political party. There may be only one legislative district committee for each party in each legislative district.

(7) "Depository" means a bank designated by a candidate or political committee pursuant to RCW 42.17.050.

(8) "Treasurer" and "deputy treasurer" mean the individuals appointed by a candidate or political committee, pursuant to RCW 42.17.050, to perform the duties specified in that section.

(9) "Candidate" means any individual who seeks nomination for election or election to public office. An individual seeks nomination or election when he or she first:

(a) Receives contributions or makes expenditures or reserves space or facilities with intent to promote his or her candidacy for office;

(b) Announces publicly or files for office;

(c) Purchases commercial advertising space or broadcast time to promote his or her candidacy; or

(d) Gives his or her consent to another person to take on behalf of the individual any of the actions in (a) or (c) of this subsection.

(10) "Caucus political committee" means a political committee organized and maintained by the members of a major political party in the state senate or state house of representatives.

(11) "Commercial advertiser" means any person who sells the service of communicating messages or producing printed material for broadcast or distribution to the general public or segments of the general public whether through the use of newspapers, magazines, television and radio stations, billboard companies, direct mail advertising companies, printing companies, or otherwise.

(12) "Commission" means the agency established under RCW 42.17.350.

(13) "Compensation" unless the context requires a narrower meaning, includes payment in any form for real or personal property or services of any kind: PROVIDED, That for the purpose of compliance with RCW 42.17.241, the term "compensation" shall not include per diem allowances or other payments made by a governmental entity to reimburse a public official for expenses incurred while the official is engaged in the official business of the governmental entity.

(14) "Continuing political committee" means a political committee that is an organization of continuing existence not established in anticipation of any particular election campaign.

(15)(a) "Contribution" includes:

(i) A loan, gift, deposit, subscription, forgiveness of indebtedness, donation, advance, pledge, payment, transfer of funds between political committees, or anything of value, including personal and professional services for less than full consideration;

(ii) An expenditure made by a person in cooperation, consultation, or concert with, or at the request or suggestion of, a candidate, a political committee, the person or persons named on the candidate's or committee's

registration form who direct expenditures on behalf of the candidate or committee, or their agents;

(iii) The financing by a person of the dissemination, distribution, or republication, in whole or in part, of broadcast, written, graphic, or other form of political advertising or electioneering communication prepared by a candidate, a political committee, or its authorized agent;

(iv) Sums paid for tickets to fund-raising events such as dinners and parties, except for the actual cost of the consumables furnished at the event.

(b) "Contribution" does not include:

(i) Standard interest on money deposited in a political committee's account;

(ii) Ordinary home hospitality;

(iii) A contribution received by a candidate or political committee that is returned to the contributor within five business days of the date on which it is received by the candidate or political committee;

(iv) A news item, feature, commentary, or editorial in a regularly scheduled news medium that is of primary interest to the general public, that is in a news medium controlled by a person whose business is that news medium, and that is not controlled by a candidate or a political committee;

(v) An internal political communication primarily limited to the members of or contributors to a political party organization or political committee, or to the officers, management staff, or stockholders of a corporation or similar enterprise, or to the members of a labor organization or other membership organization;

(vi) The rendering of personal services of the sort commonly performed by volunteer campaign workers, or incidental expenses personally incurred by volunteer campaign workers not in excess of fifty dollars personally paid for by the worker. "Volunteer services," for the purposes of this section, means services or labor for which the individual is not compensated by any person;

(vii) Messages in the form of reader boards, banners, or yard or window signs displayed on a person's own property or property occupied by a person. However, a facility used for such political advertising for which a rental charge is normally made must be reported as an in-kind contribution and counts towards any applicable contribution limit of the person providing the facility;

(viii) Legal or accounting services rendered to or on behalf of:

(A) A political party or caucus political committee if the person paying for the services is the regular employer of the person rendering such services; or

(B) A candidate or an authorized committee if the person paying for the services is the regular employer of the individual rendering the services and if the services are solely for the purpose of ensuring compliance with state election or public disclosure laws; or

(ix) The performance of ministerial functions by a person on behalf of two or more candidates or political committees either as volunteer services defined in (b)(vi) of this subsection or for payment by the candidate or political committee for whom the services are performed as long as:

(A) The person performs solely ministerial functions;

(B) A person who is paid by two or more candidates or political committees is identified by the candidates and political committees on whose behalf services are performed as part of their respective statements of organization under RCW 42.17.040; and

(C) The person does not disclose, except as required by law, any information regarding a candidate's or committee's plans, projects, activities, or needs, or regarding a candidate's or committee's contributions or expenditures that is not already publicly available from campaign reports filed with the commission, or otherwise engage in activity that constitutes a contribution under (a)(ii) of this subsection.

A person who performs ministerial functions under this subsection (15)(b)(ix) is not considered an agent of the candidate or committee as long as he or she has no authority to authorize expenditures or make decisions on behalf of the candidate or committee.

(c) Contributions other than money or its equivalent are deemed to have a monetary value equivalent to the fair market value of the contribution. Services or property or rights furnished at less than their fair market value for the purpose of assisting any candidate or political committee are deemed a contribution. Such a contribution must be reported as an in-kind contribution at its fair market value and counts towards any applicable contribution limit of the provider.

(16) "Elected official" means any person elected at a general or special election to any public office, and any person appointed to fill a vacancy in any such office.

(17) "Election" includes any primary, general, or special election for public office and any election in which a ballot proposition is submitted to the voters: PROVIDED, That an election in which the qualifications for voting include other than those requirements set forth in Article VI, section 1 (Amendment 63) of the Constitution of the state of Washington shall not be considered an election for purposes of this chapter.

(18) "Election campaign" means any campaign in support of or in opposition to a candidate for election to public office and any campaign in support of, or in opposition to, a ballot proposition.

(19) "Election cycle" means the period beginning on the first day of January after the date of the last previous general election for the office that the candidate seeks and ending on December 31st after the next election for the office. In the case of a special election to fill a vacancy in an office, "election cycle" means the period beginning on the day the vacancy occurs and ending on December 31st after the special election.

(20) "Electioneering communication" means any broadcast, cable, or satellite television or radio transmission, United States postal service mailing, billboard, newspaper, or periodical that:

(a) Clearly identifies a candidate for a state, local, or judicial office either by specifically naming the candidate, or identifying the candidate without using the candidate's name;

(b) Is broadcast, transmitted, mailed, erected, distributed, or otherwise published within sixty days before any election for that office in the jurisdiction in which the candidate is seeking election; and

(c) Either alone, or in combination with one or more communications identifying the candidate by the same sponsor during the sixty days before an election, has a fair market value of five thousand dollars or more.

(21) "Electioneering communication" does not include:

(a) Usual and customary advertising of a business owned by a candidate, even if the candidate is mentioned in the advertising when the candidate has

been regularly mentioned in that advertising appearing at least twelve months preceding his or her becoming a candidate;

(b) Advertising for candidate debates or forums when the advertising is paid for by or on behalf of the debate or forum sponsor, so long as two or more candidates for the same position have been invited to participate in the debate or forum;

(c) A news item, feature, commentary, or editorial in a regularly scheduled news medium that is:

(i) Of primary interest to the general public;

(ii) In a news medium controlled by a person whose business is that news medium; and

(iii) Not a medium controlled by a candidate or a political committee;

(d) Slate cards and sample ballots;

(e) Advertising for books, films, dissertations, or similar works (i) written by a candidate when the candidate entered into a contract for such publications or media at least twelve months before becoming a candidate, or (ii) written about a candidate;

(f) Public service announcements;

(g) A mailed internal political communication primarily limited to the members of or contributors to a political party organization or political committee, or to the officers, management staff, or stockholders of a corporation or similar enterprise, or to the members of a labor organization or other membership organization;

(h) An expenditure by or contribution to the authorized committee of a candidate for state, local, or judicial office; or

(i) Any other communication exempted by the commission through rule consistent with the intent of this chapter.

(22) "Expenditure" includes a payment, contribution, subscription, distribution, loan, advance, deposit, or gift of money or anything of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure. The term "expenditure" also includes a promise to pay, a payment, or a transfer of anything of value in exchange for goods, services, property, facilities, or anything of value for the purpose of assisting, benefiting, or honoring any public official or candidate, or assisting in furthering or opposing any election campaign. For the purposes of this chapter, agreements to make expenditures, contracts, and promises to pay may be reported as estimated obligations until actual payment is made. The term "expenditure" shall not include the partial or complete repayment by a candidate or political committee of the principal of a loan, the receipt of which loan has been properly reported.

(23) "Final report" means the report described as a final report in RCW 42.17.080(2).

(24) "General election" for the purposes of RCW 42.17.640 means the election that results in the election of a person to a state office. It does not include a primary.

(25) "Gift," is as defined in RCW 42.52.010.

(26) "Immediate family" includes the spouse or domestic partner, dependent children, and other dependent relatives, if living in the household. For the purposes of RCW 42.17.640 through 42.17.790, "immediate family" means an individual's spouse or domestic partner, and child, stepchild, grandchild, parent,

stepparent, grandparent, brother, half brother, sister, or half sister of the individual and the spouse or the domestic partner of any such person and a child, stepchild, grandchild, parent, stepparent, grandparent, brother, half brother, sister, or half sister of the individual's spouse or domestic partner and the spouse or the domestic partner of any such person.

(27) "Incumbent" means a person who is in present possession of an elected office.

(28) "Independent expenditure" means an expenditure that has each of the following elements:

(a) It is made in support of or in opposition to a candidate for office by a person who is not (i) a candidate for that office, (ii) an authorized committee of that candidate for that office, (iii) a person who has received the candidate's encouragement or approval to make the expenditure, if the expenditure pays in whole or in part for political advertising supporting that candidate or promoting the defeat of any other candidate or candidates for that office, or (iv) a person with whom the candidate has collaborated for the purpose of making the expenditure, if the expenditure pays in whole or in part for political advertising supporting that candidate or promoting the defeat of any other candidate or candidates for that office;

(b) The expenditure pays in whole or in part for political advertising that either specifically names the candidate supported or opposed, or clearly and beyond any doubt identifies the candidate without using the candidate's name; and

(c) The expenditure, alone or in conjunction with another expenditure or other expenditures of the same person in support of or opposition to that candidate, has a value of five hundred dollars or more. A series of expenditures, each of which is under five hundred dollars, constitutes one independent expenditure if their cumulative value is five hundred dollars or more.

(29)(a) "Intermediary" means an individual who transmits a contribution to a candidate or committee from another person unless the contribution is from the individual's employer, immediate family as defined for purposes of RCW 42.17.640 through 42.17.790, or an association to which the individual belongs.

(b) A treasurer or a candidate is not an intermediary for purposes of the committee that the treasurer or candidate serves.

(c) A professional fund-raiser is not an intermediary if the fund-raiser is compensated for fund-raising services at the usual and customary rate.

(d) A volunteer hosting a fund-raising event at the individual's home is not an intermediary for purposes of that event.

(30) "Legislation" means bills, resolutions, motions, amendments, nominations, and other matters pending or proposed in either house of the state legislature, and includes any other matter that may be the subject of action by either house or any committee of the legislature and all bills and resolutions that, having passed both houses, are pending approval by the governor.

(31) "Lobby" and "lobbying" each mean attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency under the state Administrative Procedure Act, chapter 34.05 RCW. Neither "lobby" nor "lobbying" includes an association's or other

organization's act of communicating with the members of that association or organization.

(32) "Lobbyist" includes any person who lobbies either in his or her own or another's behalf.

(33) "Lobbyist's employer" means the person or persons by whom a lobbyist is employed and all persons by whom he or she is compensated for acting as a lobbyist.

(34) "Ministerial functions" means an act or duty carried out as part of the duties of an administrative office without exercise of personal judgment or discretion.

(35) "Participate" means that, with respect to a particular election, an entity:

(a) Makes either a monetary or in-kind contribution to a candidate;

(b) Makes an independent expenditure or electioneering communication in support of or opposition to a candidate;

(c) Endorses a candidate prior to contributions being made by a subsidiary corporation or local unit with respect to that candidate or that candidate's opponent;

(d) Makes a recommendation regarding whether a candidate should be supported or opposed prior to a contribution being made by a subsidiary corporation or local unit with respect to that candidate or that candidate's opponent; or

(e) Directly or indirectly collaborates or consults with a subsidiary corporation or local unit on matters relating to the support of or opposition to a candidate, including, but not limited to, the amount of a contribution, when a contribution should be given, and what assistance, services or independent expenditures, or electioneering communications, if any, will be made or should be made in support of or opposition to a candidate.

(36) "Person" includes an individual, partnership, joint venture, public or private corporation, association, federal, state, or local governmental entity or agency however constituted, candidate, committee, political committee, political party, executive committee thereof, or any other organization or group of persons, however organized.

(37) "Person in interest" means the person who is the subject of a record or any representative designated by that person, except that if that person is under a legal disability, the term "person in interest" means and includes the parent or duly appointed legal representative.

(38) "Political advertising" includes any advertising displays, newspaper ads, billboards, signs, brochures, articles, tabloids, flyers, letters, radio or television presentations, or other means of mass communication, used for the purpose of appealing, directly or indirectly, for votes or for financial or other support or opposition in any election campaign.

(39) "Political committee" means any person (except a candidate or an individual dealing with his or her own funds or property) having the expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate or any ballot proposition.

(40) "Primary" for the purposes of RCW 42.17.640 means the procedure for nominating a candidate to state office under chapter 29A.52 RCW or any other primary for an election that uses, in large measure, the procedures established in chapter 29A.52 RCW.

(41) "Public office" means any federal, state, judicial, county, city, town, school district, port district, special district, or other state political subdivision elective office.

(42) "Public record" includes any writing containing information relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. For the office of the secretary of the senate and the office of the chief clerk of the house of representatives, public records means legislative records as defined in RCW 40.14.100 and also means the following: All budget and financial records; personnel leave, travel, and payroll records; records of legislative sessions; reports submitted to the legislature; and any other record designated a public record by any official action of the senate or the house of representatives.

(43) "Recall campaign" means the period of time beginning on the date of the filing of recall charges under RCW 29A.56.120 and ending thirty days after the recall election.

(44) "Sponsor of an electioneering communications, independent expenditures, or political advertising" means the person paying for the electioneering communication, independent expenditure, or political advertising. If a person acts as an agent for another or is reimbursed by another for the payment, the original source of the payment is the sponsor.

(45) "State legislative office" means the office of a member of the state house of representatives or the office of a member of the state senate.

(46) "State office" means state legislative office or the office of governor, lieutenant governor, secretary of state, attorney general, commissioner of public lands, insurance commissioner, superintendent of public instruction, state auditor, or state treasurer.

(47) "State official" means a person who holds a state office.

(48) "Surplus funds" mean, in the case of a political committee or candidate, the balance of contributions that remain in the possession or control of that committee or candidate subsequent to the election for which the contributions were received, and that are in excess of the amount necessary to pay remaining debts incurred by the committee or candidate prior to that election. In the case of a continuing political committee, "surplus funds" mean those contributions remaining in the possession or control of the committee that are in excess of the amount necessary to pay all remaining debts when it makes its final report under RCW 42.17.065.

(49) "Writing" means handwriting, typewriting, printing, photostating, photographing, and every other means of recording any form of communication or representation, including, but not limited to, letters, words, pictures, sounds, or symbols, or combination thereof, and all papers, maps, magnetic or paper tapes, photographic films and prints, motion picture, film and video recordings, magnetic or punched cards, discs, drums, diskettes, sound recordings, and other documents including existing data compilations from which information may be obtained or translated.

As used in this chapter, the singular shall take the plural and any gender, the other, as the context requires.

Sec. 202. RCW 42.17.241 and 1995 c 397 s 9 are each amended to read as follows:

(1) The statement of financial affairs required by RCW 42.17.240 shall disclose for the reporting individual and each member of his or her immediate family:

(a) Occupation, name of employer, and business address; and

(b) Each bank or savings account or insurance policy in which any such person or persons owned a direct financial interest that exceeded five thousand dollars at any time during the reporting period; each other item of intangible personal property in which any such person or persons owned a direct financial interest, the value of which exceeded five hundred dollars during the reporting period; the name, address, and nature of the entity; and the nature and highest value of each such direct financial interest during the reporting period; and

(c) The name and address of each creditor to whom the value of five hundred dollars or more was owed; the original amount of each debt to each such creditor; the amount of each debt owed to each creditor as of the date of filing; the terms of repayment of each such debt; and the security given, if any, for each such debt: PROVIDED, That debts arising out of a "retail installment transaction" as defined in chapter 63.14 RCW (Retail Installment Sales Act) need not be reported; and

(d) Every public or private office, directorship, and position held as trustee; and

(e) All persons for whom any legislation, rule, rate, or standard has been prepared, promoted, or opposed for current or deferred compensation: PROVIDED, That for the purposes of this subsection, "compensation" does not include payments made to the person reporting by the governmental entity for which such person serves as an elected official or state executive officer or professional staff member for his service in office; the description of such actual or proposed legislation, rules, rates, or standards; and the amount of current or deferred compensation paid or promised to be paid; and

(f) The name and address of each governmental entity, corporation, partnership, joint venture, sole proprietorship, association, union, or other business or commercial entity from whom compensation has been received in any form of a total value of five hundred dollars or more; the value of the compensation; and the consideration given or performed in exchange for the compensation; and

(g) The name of any corporation, partnership, joint venture, association, union, or other entity in which is held any office, directorship, or any general partnership interest, or an ownership interest of ten percent or more; the name or title of that office, directorship, or partnership; the nature of ownership interest; and with respect to each such entity: (i) With respect to a governmental unit in which the official seeks or holds any office or position, if the entity has received compensation in any form during the preceding twelve months from the governmental unit, the value of the compensation and the consideration given or performed in exchange for the compensation; (ii) the name of each governmental unit, corporation, partnership, joint venture, sole proprietorship, association, union, or other business or commercial entity from which the entity has received compensation in any form in the amount of two thousand five hundred dollars or more during the preceding twelve months and the consideration given or performed in exchange for the compensation: PROVIDED, That the term "compensation" for purposes of this subsection (1)(g)(ii) does not include

payment for water and other utility services at rates approved by the Washington state utilities and transportation commission or the legislative authority of the public entity providing the service: PROVIDED, FURTHER, That with respect to any bank or commercial lending institution in which is held any office, directorship, partnership interest, or ownership interest, it shall only be necessary to report either the name, address, and occupation of every director and officer of the bank or commercial lending institution and the average monthly balance of each account held during the preceding twelve months by the bank or commercial lending institution from the governmental entity for which the individual is an official or candidate or professional staff member, or all interest paid by a borrower on loans from and all interest paid to a depositor by the bank or commercial lending institution if the interest exceeds six hundred dollars; and

(h) A list, including legal or other sufficient descriptions as prescribed by the commission, of all real property in the state of Washington, the assessed valuation of which exceeds two thousand five hundred dollars in which any direct financial interest was acquired during the preceding calendar year, and a statement of the amount and nature of the financial interest and of the consideration given in exchange for that interest; and

(i) A list, including legal or other sufficient descriptions as prescribed by the commission, of all real property in the state of Washington, the assessed valuation of which exceeds two thousand five hundred dollars in which any direct financial interest was divested during the preceding calendar year, and a statement of the amount and nature of the consideration received in exchange for that interest, and the name and address of the person furnishing the consideration; and

(j) A list, including legal or other sufficient descriptions as prescribed by the commission, of all real property in the state of Washington, the assessed valuation of which exceeds two thousand five hundred dollars in which a direct financial interest was held: PROVIDED, That if a description of the property has been included in a report previously filed, the property may be listed, for purposes of this provision, by reference to the previously filed report; and

(k) A list, including legal or other sufficient descriptions as prescribed by the commission, of all real property in the state of Washington, the assessed valuation of which exceeds five thousand dollars, in which a corporation, partnership, firm, enterprise, or other entity had a direct financial interest, in which corporation, partnership, firm, or enterprise a ten percent or greater ownership interest was held; and

(l) A list of each occasion, specifying date, donor, and amount, at which food and beverage in excess of fifty dollars was accepted under RCW 42.52.150(5); ~~((and))~~ and

(m) A list of each occasion, specifying date, donor, and amount, at which items specified in RCW 42.52.010~~((9))~~ (10) (d) and (f) were accepted; ~~((and))~~ and

(n) Such other information as the commission may deem necessary in order to properly carry out the purposes and policies of this chapter, as the commission shall prescribe by rule.

(2) Where an amount is required to be reported under subsection (1)(a) through (m) of this section, it shall be sufficient to comply with the requirement

to report whether the amount is less than one thousand dollars, at least one thousand dollars but less than five thousand dollars, at least five thousand dollars but less than ten thousand dollars, at least ten thousand dollars but less than twenty-five thousand dollars, or twenty-five thousand dollars or more. An amount of stock may be reported by number of shares instead of by market value. No provision of this subsection may be interpreted to prevent any person from filing more information or more detailed information than required.

(3) Items of value given to an official's or employee's spouse, domestic partner, or family member are attributable to the official or employee, except the item is not attributable if an independent business, family, or social relationship exists between the donor and the spouse, domestic partner, or family member.

Sec. 203. RCW 42.52.040 and 1994 c 154 s 104 are each amended to read as follows:

(1) Except in the course of official duties or incident to official duties, no state officer or state employee may assist another person, directly or indirectly, whether or not for compensation, in a transaction involving the state:

(a) In which the state officer or state employee has at any time participated; or

(b) If the transaction involving the state is or has been under the official responsibility of the state officer or state employee within a period of two years preceding such assistance.

(2) No state officer or state employee may share in compensation received by another for assistance that the officer or employee is prohibited from providing under subsection (1) or (3) of this section.

(3) A business entity of which a state officer or state employee is a partner, managing officer, or employee shall not assist another person in a transaction involving the state if the state officer or state employee is prohibited from doing so by subsection (1) of this section.

(4) This chapter does not prevent a state officer or state employee from assisting, in a transaction involving the state:

(a) The state officer's or state employee's parent, spouse or domestic partner, or child, or a child thereof for whom the officer or employee is serving as guardian, executor, administrator, trustee, or other personal fiduciary, if the state officer or state employee did not participate in the transaction; or

(b) Another state employee involved in disciplinary or other personnel administration proceedings.

Sec. 204. RCW 43.03.305 and 1999 c 102 s 1 are each amended to read as follows:

There is created a commission to be known as the Washington citizens' commission on salaries for elected officials, to consist of sixteen members appointed by the governor as provided in this section.

(1) Nine of the sixteen commission members shall be selected by lot by the secretary of state from among those registered voters eligible to vote at the time persons are selected for appointment to full terms on the commission under subsection (3) of this section. One member shall be selected from each congressional district. The secretary shall establish policies and procedures for conducting the selection by lot. The policies and procedures shall include, but not be limited to, those for notifying persons selected and for providing a new

selection from a congressional district if a person selected from the district declines appointment to the commission or if, following the person's appointment, the person's position on the commission becomes vacant before the end of the person's term of office.

(2) The remaining seven of the sixteen commission members, all residents of this state, shall be selected jointly by the speaker of the house of representatives and the president of the senate. The persons selected under this subsection shall have had experience in the field of personnel management. Of these seven members, one shall be selected from each of the following five sectors in this state: Private institutions of higher education; business; professional personnel management; legal profession; and organized labor. Of the two remaining members, one shall be a person recommended to the speaker and the president by the chair of the Washington personnel resources board and one shall be a person recommended by majority vote of the presidents of the state's four-year institutions of higher education.

(3) The secretary of state shall forward the names of persons selected under subsection (1) of this section and the speaker of the house of representatives and president of the senate shall forward the names of persons selected under subsection (2) of this section to the governor who shall appoint these persons to the commission. Except as provided in subsection (6) of this section, the names of persons selected for appointment to the commission shall be forwarded to the governor not later than February 15, 1987, and not later than the fifteenth day of February every four years through 1999. The terms of the members selected in 1999 shall terminate July 1, 2002, and the names of persons selected for appointment to the commission shall be forwarded to the governor not later than July 1, 2002. Of the sixteen names forwarded to the governor in 2002, the governor shall by lot select four of the persons selected under subsection (1) of this section and four of the persons selected under subsection (2) of this section to serve two-year terms, with the rest of the members serving four-year terms. Thereafter, except as provided in subsection (6) of this section, all members shall serve four-year terms and the names of eight persons selected for appointment to the commission shall be forwarded to the governor not later than the first day of July every two years.

(4) No person may be appointed to more than two terms. No member of the commission may be removed by the governor during his or her term of office unless for cause of incapacity, incompetence, neglect of duty, or malfeasance in office or for a disqualifying change of residence.

The unexcused absence of any person who is a member of the commission from two consecutive meetings of the commission shall constitute the relinquishment of that person's membership on the commission. Such a relinquishment creates a vacancy in that person's position on the commission. A member's absence may be excused by the chair of the commission upon the member's written request if the chair believes there is just cause for the absence. Such a request must be received by the chair before the meeting for which the absence is to be excused. A member's absence from a meeting of the commission may also be excused during the meeting for which the member is absent by the affirmative vote of a majority of the members of the commission present at the meeting.

(5) No state official, public employee, or lobbyist, or immediate family member of the official, employee, or lobbyist, subject to the registration requirements of chapter 42.17 RCW is eligible for membership on the commission.

As used in this subsection the phrase "immediate family" means the parents, spouse or domestic partner, siblings, children, or dependent relative of the official, employee, or lobbyist whether or not living in the household of the official, employee, or lobbyist.

(6) Upon a vacancy in any position on the commission, a successor shall be selected and appointed to fill the unexpired term. The selection and appointment shall be concluded within thirty days of the date the position becomes vacant and shall be conducted in the same manner as originally provided.

PART III - PUBLIC ASSISTANCE—NURSING HOMES—ELDER CARE

Sec. 301. RCW 43.185A.010 and 2000 c 255 s 9 are each amended to read as follows:

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

(1) "Affordable housing" means residential housing for rental occupancy which, as long as the same is occupied by low-income households, requires payment of monthly housing costs, including utilities other than telephone, of no more than thirty percent of the family's income. The department shall adopt policies for residential homeownership housing, occupied by low-income households, which specify the percentage of family income that may be spent on monthly housing costs, including utilities other than telephone, to qualify as affordable housing.

(2) "Department" means the department of community, trade, and economic development.

(3) "Director" means the director of the department of community, trade, and economic development.

(4) "First-time home buyer" means an individual or his or her spouse or domestic partner who have not owned a home during the three-year period prior to purchase of a home.

(5) "Low-income household" means a single person, family or unrelated persons living together whose adjusted income is less than eighty percent of the median family income, adjusted for household size, for the county where the project is located.

Sec. 302. RCW 43.20B.080 and 2005 c 292 s 6 are each amended to read as follows:

(1) The department shall file liens, seek adjustment, or otherwise effect recovery for medical assistance correctly paid on behalf of an individual consistent with 42 U.S.C. Sec. 1396p. The department shall adopt a rule providing for prior notice and hearing rights to the record title holder or purchaser under a land sale contract.

(2) Liens may be adjusted by foreclosure in accordance with chapter 61.12 RCW.

(3) In the case of an individual who was fifty-five years of age or older when the individual received medical assistance, the department shall seek

adjustment or recovery from the individual's estate, and from nonprobate assets of the individual as defined by RCW 11.02.005, but only for medical assistance consisting of nursing facility services, home and community-based services, other services that the department determines to be appropriate, and related hospital and prescription drug services. Recovery from the individual's estate, including foreclosure of liens imposed under this section, shall be undertaken as soon as practicable, consistent with 42 U.S.C. Sec. 1396p.

(4) The department shall apply the medical assistance estate recovery law as it existed on the date that benefits were received when calculating an estate's liability to reimburse the department for those benefits.

(5)(a) The department shall establish procedures consistent with standards established by the federal department of health and human services and pursuant to 42 U.S.C. Sec. 1396p to waive recovery when such recovery would work an undue hardship. The department shall recognize an undue hardship for a surviving domestic partner whenever recovery would not have been permitted if he or she had been a surviving spouse. The department is not authorized to pursue recovery under such circumstances.

(b) Recovery of medical assistance from a recipient's estate shall not include property made exempt from claims by federal law or treaty, including exemption for tribal artifacts that may be held by individual Native Americans.

(6) A lien authorized under this section relates back to attach to any real property that the decedent had an ownership interest in immediately before death and is effective as of that date or date of recording, whichever is earlier.

(7) The department may enforce a lien authorized under this section against a decedent's life estate or joint tenancy interest in real property held by the decedent immediately prior to his or her death. Such a lien enforced under this subsection shall not end and shall continue as provided in this subsection until the department's lien has been satisfied.

(a) The value of the life estate subject to the lien shall be the value of the decedent's interest in the property subject to the life estate immediately prior to the decedent's death.

(b) The value of the joint tenancy interest subject to the lien shall be the value of the decedent's fractional interest the recipient would have owned in the jointly held interest in the property had the recipient and the surviving joint tenants held title to the property as tenants in common on the date of the recipient's death.

(c) The department may not enforce the lien provided by this subsection against a bona fide purchaser or encumbrancer that obtains an interest in the property after the death of the recipient and before the department records either its lien or the request for notice of transfer or encumbrance as provided by RCW 43.20B.750.

(d) The department may not enforce a lien provided by this subsection against any property right that vested prior to July 1, 2005.

(8)(a) Subject to the requirements of 42 U.S.C. Sec. 1396p(a) and the conditions of this subsection (8), the department is authorized to file a lien against the property of an individual prior to his or her death, and to seek adjustment and recovery from the individual's estate or sale of the property subject to the lien, if:

(i) The individual is an inpatient in a nursing facility, intermediate care facility for individuals with mental retardation, or other medical institution; and

(ii) The department has determined after notice and opportunity for a hearing that the individual cannot reasonably be expected to be discharged from the medical institution and to return home.

(b) If the individual is discharged from the medical facility and returns home, the department shall dissolve the lien.

(9) The department is authorized to adopt rules to effect recovery under this section. The department may adopt by rule later enactments of the federal laws referenced in this section.

(10) It is the responsibility of the department to fully disclose in advance verbally and in writing, in easy to understand language, the terms and conditions of estate recovery to all persons offered long-term care services subject to recovery of payments.

(11) In disclosing estate recovery costs to potential clients, and to family members at the consent of the client, the department shall provide a written description of the community service options.

Sec. 303. RCW 70.123.020 and 1991 c 301 s 9 are each amended to read as follows:

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

(1) "Shelter" means a place of temporary refuge, offered on a twenty-four hour, seven day per week basis to victims of domestic violence and their children.

(2) "Domestic violence" is a categorization of offenses, as defined in RCW 10.99.020, committed by one cohabitant against another.

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

(4) "Victim" means a cohabitant who has been subjected to domestic violence.

(5) "Cohabitant" means a person who is or was married, in a state registered domestic partnership, or ((who is)) cohabiting with ((a)) another person ((of the opposite sex like husband and wife)) in an intimate or dating relationship at the present or at sometime in the past. Any person who has one or more children in common with another person, regardless of whether they have been married, in a domestic partnership with each other, or lived together at any time, shall be treated as a cohabitant.

(6) "Community advocate" means a person employed by a local domestic violence program to provide ongoing assistance to victims of domestic violence in assessing safety needs, documenting the incidents and the extent of violence for possible use in the legal system, making appropriate social service referrals, and developing protocols and maintaining ongoing contacts necessary for local systems coordination.

(7) "Domestic violence program" means an agency that provides shelter, advocacy, and counseling for domestic violence victims in a supportive environment.

(8) "Legal advocate" means a person employed by a domestic violence program or court system to advocate for victims of domestic violence, within the criminal and civil justice systems, by attending court proceedings, assisting in

document and case preparation, and ensuring linkage with the community advocate.

(9) "Secretary" means the secretary of the department of social and health services or the secretary's designee.

Sec. 304. RCW 70.129.140 and 1994 c 214 s 15 are each amended to read as follows:

(1) The facility must promote care for residents in a manner and in an environment that maintains or enhances each resident's dignity and respect in full recognition of his or her individuality.

(2) Within reasonable facility rules designed to protect the rights and quality of life of residents, the resident has the right to:

(a) Choose activities, schedules, and health care consistent with his or her interests, assessments, and plans of care;

(b) Interact with members of the community both inside and outside the facility;

(c) Make choices about aspects of his or her life in the facility that are significant to the resident;

(d) Wear his or her own clothing and determine his or her own dress, hair style, or other personal effects according to individual preference;

(e) Unless adjudged incompetent or otherwise found to be legally incapacitated, participate in planning care and treatment or changes in care and treatment;

(f) Unless adjudged incompetent or otherwise found to be legally incapacitated, to direct his or her own service plan and changes in the service plan, and to refuse any particular service so long as such refusal is documented in the record of the resident.

(3)(a) A resident has the right to organize and participate in resident groups in the facility.

(b) A resident's family has the right to meet in the facility with the families of other residents in the facility.

(c) The facility must provide a resident or family group, if one exists, with meeting space.

(d) Staff or visitors may attend meetings at the group's invitation.

(e) When a resident or family group exists, the facility must listen to the views and act upon the grievances and recommendations of residents and families concerning proposed policy and operational decisions affecting resident care and life in the facility.

(f) The resident has the right to refuse to perform services for the facility except as voluntarily agreed by the resident and the facility in the resident's service plan.

(4) A resident has the right to participate in social, religious, and community activities that do not interfere with the rights of other residents in the facility.

(5) A resident has the right to:

(a) Reside and receive services in the facility with reasonable accommodation of individual needs and preferences, except when the health or safety of the individual or other residents would be endangered; and

(b) Receive notice before the resident's room or roommate in the facility is changed.

(6) A resident has the right to share a double room with his or her spouse or domestic partner when ~~((married))~~ residents who are married to each other or in a domestic partnership with each other live in the same facility and both spouses or both domestic partners consent to the arrangement.

Sec. 305. RCW 74.42.070 and 1979 ex.s. c 211 s 7 are each amended to read as follows:

Residents shall be given privacy during treatment and care of personal needs. ~~((Married))~~ Residents who are spouses or domestic partners shall be given privacy during visits with their spouses or their domestic partners. If both ~~((husband and wife))~~ spouses or both domestic partners are residents of the facility, the facility shall permit the ~~((husband and wife))~~ spouses or domestic partners to share a room, unless medically contraindicated.

PART IV - JUDICIAL PROCESS—VICTIM'S RIGHTS

Sec. 401. RCW 4.22.020 and 1987 c 212 s 801 are each amended to read as follows:

The contributory fault of one spouse or one domestic partner shall not be imputed to the other spouse or other domestic partner or the minor child of the spouse or domestic partner to diminish recovery in an action by the other spouse or other domestic partner or the minor child of the spouse or other domestic partner, or his or her legal representative, to recover damages caused by fault resulting in death or in injury to the person or property, whether separate or community, of the spouse or domestic partner. In an action brought for wrongful death or loss of consortium, the contributory fault of the decedent or injured person shall be imputed to the claimant in that action.

Sec. 402. RCW 5.60.060 and 2007 c 472 s 1 are each amended to read as follows:

(1) A ~~((husband))~~ spouse or domestic partner shall not be examined for or against his ~~((wife))~~ or her spouse or domestic partner, without the consent of the ~~((wife, nor a wife for or against her husband without the consent of the husband))~~ spouse or domestic partner; nor can either during marriage or during the domestic partnership or afterward, be without the consent of the other, examined as to any communication made by one to the other during the marriage or the domestic partnership. But this exception shall not apply to a civil action or proceeding by one against the other, nor to a criminal action or proceeding for a crime committed by one against the other, nor to a criminal action or proceeding against a spouse or domestic partner if the marriage or the domestic partnership occurred subsequent to the filing of formal charges against the defendant, nor to a criminal action or proceeding for a crime committed by said ~~((husband or wife))~~ spouse or domestic partner against any child of whom said ~~((husband or wife))~~ spouse or domestic partner is the parent or guardian, nor to a proceeding under chapter 70.96A, 70.96B, 71.05, or 71.09 RCW: PROVIDED, That the spouse or the domestic partner of a person sought to be detained under chapter 70.96A, 70.96B, 71.05, or 71.09 RCW may not be compelled to testify and shall be so informed by the court prior to being called as a witness.

(2)(a) An attorney or counselor shall not, without the consent of his or her client, be examined as to any communication made by the client to him or her, or his or her advice given thereon in the course of professional employment.

(b) A parent or guardian of a minor child arrested on a criminal charge may not be examined as to a communication between the child and his or her attorney if the communication was made in the presence of the parent or guardian. This privilege does not extend to communications made prior to the arrest.

(3) A member of the clergy, a Christian Science practitioner listed in the Christian Science Journal, or a priest shall not, without the consent of a person making the confession or sacred confidence, be examined as to any confession or sacred confidence made to him or her in his or her professional character, in the course of discipline enjoined by the church to which he or she belongs.

(4) Subject to the limitations under RCW 70.96A.140 or 71.05.360 (8) and (9), a physician or surgeon or osteopathic physician or surgeon or podiatric physician or surgeon shall not, without the consent of his or her patient, be examined in a civil action as to any information acquired in attending such patient, which was necessary to enable him or her to prescribe or act for the patient, except as follows:

(a) In any judicial proceedings regarding a child's injury, neglect, or sexual abuse or the cause thereof; and

(b) Ninety days after filing an action for personal injuries or wrongful death, the claimant shall be deemed to waive the physician-patient privilege. Waiver of the physician-patient privilege for any one physician or condition constitutes a waiver of the privilege as to all physicians or conditions, subject to such limitations as a court may impose pursuant to court rules.

(5) A public officer shall not be examined as a witness as to communications made to him or her in official confidence, when the public interest would suffer by the disclosure.

(6)(a) A peer support group counselor shall not, without consent of the law enforcement officer or firefighter making the communication, be compelled to testify about any communication made to the counselor by the officer or firefighter while receiving counseling. The counselor must be designated as such by the sheriff, police chief, fire chief, or chief of the Washington state patrol, prior to the incident that results in counseling. The privilege only applies when the communication was made to the counselor while acting in his or her capacity as a peer support group counselor. The privilege does not apply if the counselor was an initial responding officer or firefighter, a witness, or a party to the incident which prompted the delivery of peer support group counseling services to the law enforcement officer or firefighter.

(b) For purposes of this section, "peer support group counselor" means a:

(i) Law enforcement officer, firefighter, civilian employee of a law enforcement agency, or civilian employee of a fire department, who has received training to provide emotional and moral support and counseling to an officer or firefighter who needs those services as a result of an incident in which the officer or firefighter was involved while acting in his or her official capacity; or

(ii) Nonemployee counselor who has been designated by the sheriff, police chief, fire chief, or chief of the Washington state patrol to provide emotional and moral support and counseling to an officer or firefighter who needs those services as a result of an incident in which the officer or firefighter was involved while acting in his or her official capacity.

(7) A sexual assault advocate may not, without the consent of the victim, be examined as to any communication made between the victim and the sexual assault advocate.

(a) For purposes of this section, "sexual assault advocate" means the employee or volunteer from a rape crisis center, victim assistance unit, program, or association, that provides information, medical or legal advocacy, counseling, or support to victims of sexual assault, who is designated by the victim to accompany the victim to the hospital or other health care facility and to proceedings concerning the alleged assault, including police and prosecution interviews and court proceedings.

(b) A sexual assault advocate may disclose a confidential communication without the consent of the victim if failure to disclose is likely to result in a clear, imminent risk of serious physical injury or death of the victim or another person. Any sexual assault advocate participating in good faith in the disclosing of records and communications under this section shall have immunity from any liability, civil, criminal, or otherwise, that might result from the action. In any proceeding, civil or criminal, arising out of a disclosure under this section, the good faith of the sexual assault advocate who disclosed the confidential communication shall be presumed.

(8) A domestic violence advocate may not, without the consent of the victim, be examined as to any communication between the victim and the domestic violence advocate.

(a) For purposes of this section, "domestic violence advocate" means an employee or supervised volunteer from a community-based domestic violence program or human services program that provides information, advocacy, counseling, crisis intervention, emergency shelter, or support to victims of domestic violence and who is not employed by, or under the direct supervision of, a law enforcement agency, a prosecutor's office, or the child protective services section of the department of social and health services as defined in RCW 26.44.020.

(b) A domestic violence advocate may disclose a confidential communication without the consent of the victim if failure to disclose is likely to result in a clear, imminent risk of serious physical injury or death of the victim or another person. This section does not relieve a domestic violence advocate from the requirement to report or cause to be reported an incident under RCW 26.44.030(1) or to disclose relevant records relating to a child as required by RCW 26.44.030(~~(1)~~) (12). Any domestic violence advocate participating in good faith in the disclosing of communications under this subsection is immune from liability, civil, criminal, or otherwise, that might result from the action. In any proceeding, civil or criminal, arising out of a disclosure under this subsection, the good faith of the domestic violence advocate who disclosed the confidential communication shall be presumed.

Sec. 403. RCW 5.66.010 and 2002 c 334 s 1 are each amended to read as follows:

(1) The portion of statements, writings, or benevolent gestures expressing sympathy or a general sense of benevolence relating to the pain, suffering, or death of a person involved in an accident, and made to that person or to the family of that person, shall be inadmissible as evidence in a civil action. A

statement of fault, however, which is part of, or in addition to, any of the above shall not be made inadmissible by this section.

(2) For purposes of this section:

(a) "Accident" means an occurrence resulting in injury or death to one or more persons that is not the result of willful action by a party.

(b) "Benevolent gestures" means actions that convey a sense of compassion or commiseration emanating from humane impulses.

(c) "Family" means the spouse or the domestic partner, parent, grandparent, stepmother, stepfather, child, grandchild, brother, sister, half brother, half sister, adopted child of a parent, or spouse's or domestic partner's parents of an injured party.

Sec. 404. RCW 7.69.020 and 1993 c 350 s 5 are each amended to read as follows:

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

(1) "Crime" means an act punishable as a felony, gross misdemeanor, or misdemeanor under the laws of this state or equivalent federal or local law.

(2) "Survivor" or "survivors" of a victim of crime means a spouse or domestic partner, child, parent, legal guardian, sibling, or grandparent. If there is more than one survivor of a victim of crime, one survivor shall be designated by the prosecutor to represent all survivors for purposes of providing the notice to survivors required by this chapter.

(3) "Victim" means a person against whom a crime has been committed or the representative of a person against whom a crime has been committed.

(4) "Victim impact statement" means a statement submitted to the court by the victim or a survivor, individually or with the assistance of the prosecuting attorney if assistance is requested by the victim or survivor, which may include but is not limited to information assessing the financial, medical, social, and psychological impact of the offense upon the victim or survivors.

(5) "Witness" means a person who has been or is expected to be summoned to testify for the prosecution in a criminal action, or who by reason of having relevant information is subject to call or likely to be called as a witness for the prosecution, whether or not an action or proceeding has been commenced.

(6) "Crime victim/witness program" means any crime victim and witness program of a county or local law enforcement agency or prosecutor's office, any rape crisis center's sexual assault victim advocacy program as provided in chapter 70.125 RCW, any domestic violence program's legal and community advocate program for domestic violence victims as provided in chapter 70.123 RCW, or any other crime victim advocacy program which provides trained advocates to assist crime victims during the investigation and prosecution of the crime.

Sec. 405. RCW 7.69B.010 and 2005 c 381 s 2 are each amended to read as follows:

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

(1) "Crime" means an act punishable as a felony, gross misdemeanor, or misdemeanor under the laws of this state or equivalent federal or local law.

(2) "Dependent person" has the same meaning as that term is defined in RCW 9A.42.010.

(3) "Victim" means a living person against whom a crime has been committed.

(4) "Witness" means a person who has been or is expected to be summoned to testify for the prosecution or defense in a criminal action, or who by reason of having relevant information is subject to call or likely to be called as a witness, whether or not an action or proceeding has been commenced.

(5) "Family member" means a person who is not accused of a crime and who is an adult child, adult sibling, spouse or domestic partner, parent, or legal guardian of the dependent person.

(6) "Advocate" means any person not accused of a crime, including a family member, approved by the witness or victim, in consultation with his or her guardian if applicable, who provides support to a dependent person during any legal proceeding.

(7) "Court proceedings" means any court proceeding conducted during the course of the prosecution of a crime committed against a dependent person, including pretrial hearings, trial, sentencing, or appellate proceedings.

(8) "Identifying information" means the dependent person's name, address, location, and photograph, and in cases in which the dependent person is a relative of the alleged perpetrator, identification of the relationship between the dependent person and the alleged perpetrator.

(9) "Crime victim/witness program" means any crime victim and witness program of a county or local law enforcement agency or prosecutor's office, any rape crisis center's sexual assault victim advocacy program as provided in chapter 70.125 RCW, any domestic violence program's legal and community advocate program for domestic violence victims as provided in chapter 70.123 RCW, or any other crime victim advocacy program which provides trained advocates to assist crime victims during the investigation and prosecution of the crime.

Sec. 406. RCW 26.50.010 and 1999 c 184 s 13 are each amended to read as follows:

As used in this chapter, the following terms shall have the meanings given them:

(1) "Domestic violence" means: (a) Physical harm, bodily injury, assault, or the infliction of fear of imminent physical harm, bodily injury or assault, between family or household members; (b) sexual assault of one family or household member by another; or (c) stalking as defined in RCW 9A.46.110 of one family or household member by another family or household member.

(2) "Family or household members" means spouses, domestic partners, former spouses, former domestic partners, persons who have a child in common regardless of whether they have been married or have lived together at any time, adult persons related by blood or marriage, adult persons who are presently residing together or who have resided together in the past, persons sixteen years of age or older who are presently residing together or who have resided together in the past and who have or have had a dating relationship, persons sixteen years of age or older with whom a person sixteen years of age or older has or has had a dating relationship, and persons who have a biological or legal parent-child

relationship, including stepparents and stepchildren and grandparents and grandchildren.

(3) "Dating relationship" means a social relationship of a romantic nature. Factors that the court may consider in making this determination include: (a) The length of time the relationship has existed; (b) the nature of the relationship; and (c) the frequency of interaction between the parties.

(4) "Court" includes the superior, district, and municipal courts of the state of Washington.

(5) "Judicial day" does not include Saturdays, Sundays, or legal holidays.

(6) "Electronic monitoring" means a program in which a person's presence at a particular location is monitored from a remote location by use of electronic equipment.

(7) "Essential personal effects" means those items necessary for a person's immediate health, welfare, and livelihood. "Essential personal effects" includes but is not limited to clothing, cribs, bedding, documents, medications, and personal hygiene items.

Sec. 407. RCW 4.08.030 and 1972 ex.s. c 108 s 1 are each amended to read as follows:

Either (~~husband or wife~~) spouse or either domestic partner may sue on behalf of the community: PROVIDED, That

(1) When the action is for personal injuries, the spouse or the domestic partner having sustained personal injuries is a necessary party;

(2) When the action is for compensation for services rendered, the spouse or the domestic partner having rendered the services is a necessary party.

Sec. 408. RCW 4.08.040 and 1972 ex.s. c 108 s 2 are each amended to read as follows:

(~~Husband and wife~~) Either spouse or either domestic partner may join in all causes of action arising from injuries to the person or character of either or both of them, or from injuries to the property of either or both of them, or arising out of any contract in favor of either or both of them.

If (~~a husband and wife be~~) the spouses or the domestic partners are sued together, either or both spouses or either or both domestic partners may defend, and if one spouse or one domestic partner neglects to defend, the other spouse or other domestic partner may defend for the nonacting spouse or nonacting domestic partner also. (~~And~~) Each spouse or each domestic partner may defend in all cases in which he or she is interested, whether that spouse or that domestic partner is sued with the other spouse or other domestic partner or not.

Sec. 409. RCW 4.20.046 and 1993 c 44 s 1 are each amended to read as follows:

(1) All causes of action by a person or persons against another person or persons shall survive to the personal representatives of the former and against the personal representatives of the latter, whether such actions arise on contract or otherwise, and whether or not such actions would have survived at the common law or prior to the date of enactment of this section: PROVIDED, HOWEVER, That the personal representative shall only be entitled to recover damages for pain and suffering, anxiety, emotional distress, or humiliation personal to and suffered by a deceased on behalf of those beneficiaries enumerated in RCW 4.20.020, and such damages are recoverable regardless of

whether or not the death was occasioned by the injury that is the basis for the action. The liability of property of ~~((a husband and wife))~~ spouses or domestic partners held by them as community property to execution in satisfaction of a claim enforceable against such property so held shall not be affected by the death of either or both spouses or either or both domestic partners; and a cause of action shall remain an asset as though both claiming spouses or both claiming domestic partners continued to live despite the death of either or both claiming spouses or both claiming domestic partners.

(2) Where death or an injury to person or property, resulting from a wrongful act, neglect or default, occurs simultaneously with or after the death of a person who would have been liable therefor if his or her death had not occurred simultaneously with such death or injury or had not intervened between the wrongful act, neglect or default and the resulting death or injury, an action to recover damages for such death or injury may be maintained against the personal representative of such person.

PART V - VETERANS

Sec. 501. RCW 28B.15.621 and 2007 c 450 s 1 are each amended to read as follows:

(1) The legislature finds that active military and naval veterans, reserve military and naval veterans, and national guard members called to active duty have served their country and have risked their lives to defend the lives of all Americans and the freedoms that define and distinguish our nation. The legislature intends to honor active military and naval veterans, reserve military and naval veterans, and national guard members who have served on active military or naval duty for the public service they have provided to this country.

(2) Subject to the limitations in RCW 28B.15.910, the governing boards of the state universities, the regional universities, The Evergreen State College, and the community colleges, may waive all or a portion of tuition and fees for an eligible veteran or national guard member.

(3) The governing boards of the state universities, the regional universities, The Evergreen State College, and the community colleges, may waive all or a portion of tuition and fees for a military or naval veteran who is a Washington domiciliary, but who did not serve on foreign soil or in international waters or in another location in support of those serving on foreign soil or in international waters and who does not qualify as an eligible veteran or national guard member under subsection (8) of this section. However, there shall be no state general fund support for waivers granted under this subsection.

(4) Subject to the conditions in subsection (5) of this section, the governing boards of the state universities, the regional universities, The Evergreen State College, and the community colleges, shall waive all tuition and fees for the following persons:

(a) A child and the spouse or the domestic partner or surviving spouse or surviving domestic partner of an eligible veteran or national guard member who became totally disabled as defined in RCW 28B.15.385 while engaged in active federal military or naval service, or who is determined by the federal government to be a prisoner of war or missing in action; and

(b) A child and the surviving spouse or surviving domestic partner of an eligible veteran or national guard member who lost his or her life while engaged in active federal military or naval service.

(5) The conditions in this subsection (5) apply to waivers under subsection (4) of this section.

(a) A child must be a Washington domiciliary between the age of seventeen and twenty-six to be eligible for the tuition waiver. A child's marital status does not affect eligibility.

(b) A surviving spouse or surviving domestic partner must be a Washington domiciliary. A surviving spouse or surviving domestic partner has ten years from the date of the death, total disability as defined in RCW 28B.15.385, or federal determination of prisoner of war or missing in action status of the eligible veteran or national guard member to receive the benefit. Upon remarriage or registration in a subsequent domestic partnership, the surviving spouse or surviving domestic partner is ineligible for the waiver of all tuition and fees.

(c) Each recipient's continued participation is subject to the school's satisfactory progress policy.

(6) Required waivers of all tuition and fees under subsection (4) of this section shall not affect permissive waivers of tuition and fees under subsection (3) of this section.

(7) Private vocational schools and private higher education institutions are encouraged to provide waivers consistent with the terms in subsections (2) through (5) of this section.

(8) The definitions in this subsection apply throughout this section.

(a) "Eligible veteran or national guard member" means a Washington domiciliary who was an active or reserve member of the United States military or naval forces, or a national guard member called to active duty, who served in active federal service, under either Title 10 or Title 32 of the United States Code, in a war or conflict fought on foreign soil or in international waters or in another location in support of those serving on foreign soil or in international waters, and if discharged from service, has received an honorable discharge.

(b) "Washington domiciliary" means a person whose true, fixed, and permanent house and place of habitation is the state of Washington. "Washington domiciliary" includes a person who is residing in rental housing or residing in base housing. In ascertaining whether a child or surviving spouse or surviving domestic partner is domiciled in the state of Washington, public institutions of higher education shall, to the fullest extent possible, rely upon the standards provided in RCW 28B.15.013.

Sec. 502. RCW 73.08.005 and 2005 c 250 s 2 are each amended to read as follows:

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

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

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

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

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

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

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

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

(5) "Veteran" has the same meaning as defined in RCW 41.04.005 and 41.04.007.

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

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

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

Sec. 503. RCW 72.36.030 and 1998 c 322 s 49 are each amended to read as follows:

All of the following persons who have been actual bona fide residents of this state at the time of their application, and who are indigent and unable to support themselves and their families may be admitted to a state veterans' home under rules as may be adopted by the director of the department, unless sufficient facilities and resources are not available to accommodate these people:

(1)(a) All honorably discharged veterans of a branch of the armed forces of the United States or merchant marines; (b) members of the state militia disabled while in the line of duty; (c) Filipino World War II veterans who swore an oath to American authority and who participated in military engagements with American soldiers; and (d) the spouses or the domestic partners of these veterans, merchant marines, and members of the state militia. However, it is required that the spouse was married to and living with the veteran, or that the domestic partner was in a domestic partnership and living with the veteran, three years prior to the date of application for admittance, or, if married to or in a

domestic partnership with him or her since that date, was also a resident of a state veterans' home in this state or entitled to admission thereto;

(2)(a) The spouses or domestic partners of: (i) All honorably discharged veterans of the United States armed forces; (ii) merchant marines; and (iii) members of the state militia who were disabled while in the line of duty and who were residents of a state veterans' home in this state or were entitled to admission to one of this state's state veteran homes at the time of death; (b) the spouses or domestic partners of: (i) All honorably discharged veterans of a branch of the United States armed forces; (ii) merchant marines; and (iii) members of the state militia who would have been entitled to admission to one of this state's state veterans' homes at the time of death, but for the fact that the spouse or domestic partner was not indigent, but has since become indigent and unable to support himself or herself and his or her family. However, the included spouse or included domestic partner shall be at least fifty years old and have been married to and living with their (~~husband or wife~~) spouse, or in a domestic partnership and living with their domestic partner, for three years prior to the date of their application. The included spouse or included domestic partner shall not have been married since the death of his or her (~~husband or wife~~) spouse or domestic partner to a person who is not a resident of one of this state's state veterans' homes or entitled to admission to one of this state's state veterans' homes; and

(3) All applicants for admission to a state veterans' home shall apply for all federal and state benefits for which they may be eligible, including medical assistance under chapter 74.09 RCW.

Sec. 504. RCW 72.36.040 and 1977 ex.s. c 186 s 2 are each amended to read as follows:

There is hereby established what shall be known as the "Colony of the State Soldiers' Home." All of the following persons who reside within the limits of Orting school district and have been actual bona fide residents of this state at the time of their application and who have personal property of less than one thousand five hundred dollars and/or a monthly income insufficient to meet their needs outside of residence in such colony and soldiers' home as determined by standards of the department of veterans' affairs, may be admitted to membership in said colony under such rules and regulations as may be adopted by the department.

(1) All honorably discharged veterans who have served in the armed forces of the United States during wartime, members of the state militia disabled while in the line of duty, and their respective spouses or domestic partners with whom they have lived for three years prior to application for membership in said colony. Also, the spouse or domestic partner of any such veteran or disabled member of the state militia is eligible for membership in said colony, if such spouse or such domestic partner is the (~~widow or widower~~) surviving spouse or surviving domestic partner of a veteran who was a member of a soldiers' home or colony in this state or entitled to admission thereto at the time of death: PROVIDED, That such veterans and members of the state militia shall, while they are members of said colony, be living with their said spouses or said domestic partners.

(2) The spouses or domestic partners of all veterans who were members of a soldiers' home or colony in this state or entitled to admission thereto at the time of death, and the spouses or domestic partners of all veterans who would have

been entitled to admission to a soldiers' home or colony in this state at the time of death but for the fact that they were not indigent and unable to support themselves and families, which spouses or domestic partners have since the death of their said (~~husbands or wives~~) spouses or domestic partners become indigent and unable to earn a support for themselves: PROVIDED, That such spouses or such domestic partners are not less than fifty years of age and have not been married or in a domestic partnership since the decease of their said (~~husbands or wives~~) spouses or said domestic partners to any person not a member of a soldiers' home or colony in this state or entitled to admission thereto. Any resident of said colony may be admitted to the state soldiers' home for temporary care when requiring treatment.

Sec. 505. RCW 72.36.050 and 1979 c 65 s 1 are each amended to read as follows:

The members of the colony established in RCW 72.36.040 as now or hereafter amended shall, to all intents and purposes, be members of the state soldiers' home and subject to all the rules and regulations thereof, except the requirements of fatigue duty, and each member shall, in accordance with rules and regulations adopted by the director, be supplied with medical attendance and supplies from the home dispensary, rations, and clothing for a member and his or her spouse or domestic partner, or for a spouse or domestic partner admitted under RCW 72.36.040 as now or hereafter amended. The value of the supplies, rations, and clothing furnished such persons shall be determined by the director of veterans affairs and be included in the biennial budget.

Sec. 506. RCW 72.36.070 and 1977 ex.s. c 186 s 4 are each amended to read as follows:

There shall be established and maintained in this state a branch of the state soldiers' home, under the name of the "Washington veterans' home," which branch shall be a home for honorably discharged veterans who have served the United States government in any of its wars, members of the state militia disabled while in the line of duty, and who are bona fide citizens of the state, and also the spouses or domestic partners of such veterans.

Sec. 507. RCW 72.36.110 and 1959 c 120 s 1 are each amended to read as follows:

The superintendent of the Washington veterans' home and the superintendent of the Washington soldiers' home and colony are hereby authorized to provide for the burial of deceased members in the cemeteries provided at the Washington veterans' home and Washington soldiers' home: PROVIDED, That this section shall not be construed to prevent any relative from assuming jurisdiction of such deceased persons: PROVIDED FURTHER, That the superintendent of the Washington soldiers' home and colony is hereby authorized to provide for the burial of (~~husbands and wives~~) spouses or domestic partners of members of the colony of the Washington soldiers' home.

Sec. 508. RCW 73.04.120 and 1985 c 44 s 19 are each amended to read as follows:

County clerks and county auditors, respectively, are authorized and directed to furnish free of charge to the legal representative, surviving spouse or surviving domestic partner, child or parent of any deceased veteran certified copies of marriage certificates, decrees of (~~divorce~~) dissolution of marriage or

domestic partnership, or annulment, or other documents contained in their files and to record and issue, free of charge, certified copies of such documents from other states, territories, or foreign countries affecting the marital status of such veteran whenever any such document shall be required in connection with any claim pending before the United States veterans' bureau or other governmental agency administering benefits to war veterans. Where these same documents are required of service personnel of the armed forces of the United States for determining entitlement to family allowances and other benefits, they shall be provided without charge by county clerks and county auditors upon request of the person in the service or his dependents.

Sec. 509. RCW 73.36.140 and 1951 c 53 s 14 are each amended to read as follows:

A guardian shall not apply any portion of the income or the estate for the support or maintenance of any person including the ward, the spouse or the domestic partner, and the minor children of the ward, except upon petition to and prior order of the court after a hearing. A signed duplicate or certified copy of said petition shall be furnished the proper office of the veterans administration and notice of hearing thereon shall be given said office as provided in the case of hearing on a guardian's account or other pleading.

Sec. 510. RCW 73.04.010 and 1973 1st ex.s. c 154 s 106 are each amended to read as follows:

No judge, or clerk of court, county clerk, county auditor, or any other county officer, shall be allowed to charge any honorably discharged soldier or seaman, or the spouse or domestic partner, orphan, or legal representative thereof, any fee for administering any oath, or giving any official certificate for the procuring of any pension, bounty, or back pay, nor for administering any oath or oaths and giving the certificate required upon any voucher for collection of periodical dues from the pension agent, nor any fee for services rendered in perfecting any voucher.

Sec. 511. RCW 73.04.115 and 2005 c 216 s 5 are each amended to read as follows:

(1) The department shall issue to the surviving spouse or surviving domestic partner of any deceased former prisoner of war described in RCW 73.04.110(~~((2))~~) (1)(b), one set of regular or special license plates for use on a personal passenger vehicle registered to that person.

(2) The plates shall be issued without the payment of any license fees or excise tax on the vehicle. Whenever any person who has been issued license plates under this section applies to the department for transfer of the plates to a subsequently acquired motor vehicle, a transfer fee of five dollars shall be charged in addition to all other appropriate fees. If the surviving spouse remarries or the surviving domestic partner registers in a new domestic partnership, he or she shall return the special plates to the department within fifteen days and apply for regular license plates.

(3) For purposes of this section, the term "special license plates" does not include any plate from the armed forces license plate collection established in RCW 46.16.30920.

**PART VI - COMMUNITY PROPERTY AND OTHER
PROPERTY RIGHTS**

NEW SECTION. Sec. 601. A new section is added to chapter 26.60 RCW to read as follows:

Any community property rights of domestic partners established by this act shall apply from the date of the initial registration of the domestic partnership or the effective date of this section, whichever is later.

Sec. 602. RCW 26.16.010 and Code 1881 s 2408 are each amended to read as follows:

Property and pecuniary rights owned by ~~((the husband))~~ a spouse before marriage and that acquired by him or her afterwards by gift, bequest, devise ~~((or))~~, descent, or inheritance, with the rents, issues and profits thereof, shall not be subject to the debts or contracts of his ~~((wife))~~ or her spouse, and he or she may manage, lease, sell, convey, encumber or devise by will such property without ~~((the wife))~~ his or her spouse joining in such management, alienation or encumbrance, as fully, and to the same ~~((effect))~~ extent or in the same manner as though he or she were unmarried.

Sec. 603. RCW 26.16.020 and Code 1881 s 2400 are each amended to read as follows:

~~((The))~~ Property and pecuniary rights ((of every married woman at the time of her marriage)) owned by a person in a state registered domestic partnership before registration of the domestic partnership or afterwards acquired by gift, bequest, devise, descent, or inheritance, with the rents, issues and profits thereof, shall not be subject to the debts or contracts of ~~((her husband))~~ his or her domestic partner, and he or she may manage, lease, sell, convey, encumber or devise by will such property without his or her domestic partner joining in such management, alienation, or encumbrance, as fully to the same extent and in the same manner ~~((that her husband can, property belonging to him))~~ as though he or she were not in a state registered domestic partnership.

Sec. 604. RCW 26.16.030 and 1981 c 304 s 1 are each amended to read as follows:

Property not acquired or owned, as prescribed in RCW 26.16.010 and 26.16.020, acquired after marriage or after registration of a state registered domestic partnership by either domestic partner or either husband or wife or both, is community property. Either spouse or either domestic partner, acting alone, may manage and control community property, with a like power of disposition as the acting spouse or domestic partner has over his or her separate property, except:

(1) Neither ~~((spouse))~~ person shall devise or bequeath by will more than one-half of the community property.

(2) Neither ~~((spouse))~~ person shall give community property without the express or implied consent of the other.

(3) Neither ~~((spouse))~~ person shall sell, convey, or encumber the community real property without the other spouse or other domestic partner joining in the execution of the deed or other instrument by which the real estate is sold, conveyed, or encumbered, and such deed or other instrument must be acknowledged by both spouses or both domestic partners.

(4) Neither ~~((spouse))~~ person shall purchase or contract to purchase community real property without the other spouse or other domestic partner joining in the transaction of purchase or in the execution of the contract to purchase.

(5) Neither ~~((spouse))~~ person shall create a security interest other than a purchase money security interest as defined in RCW 62A.9-107 in, or sell, community household goods, furnishings, or appliances, or a community mobile home unless the other spouse or other domestic partner joins in executing the security agreement or bill of sale, if any.

(6) Neither ~~((spouse))~~ person shall acquire, purchase, sell, convey, or encumber the assets, including real estate, or the good will of a business where both spouses or both domestic partners participate in its management without the consent of the other: PROVIDED, That where only one spouse or one domestic partner participates in such management the participating spouse or participating domestic partner may, in the ordinary course of such business, acquire, purchase, sell, convey or encumber the assets, including real estate, or the good will of the business without the consent of the nonparticipating spouse or nonparticipating domestic partner.

Sec. 605. RCW 26.16.050 and 1888 c 27 s 1 are each amended to read as follows:

A ~~((husband))~~ spouse or domestic partner may give, grant, sell or convey directly to ~~((his wife, and a wife may give, grant, sell or convey directly to her husband))~~ the other spouse or other domestic partner his or her community right, title, interest or estate in all or any portion of their community real property: And every deed made from ~~((husband to wife, or from wife to husband))~~ one spouse to the other or one domestic partner to the other, shall operate to divest the real estate therein recited from any or every claim or demand as community property and shall vest the same in the grantee as separate property~~((The))~~. The grantor in all such deeds, or the party releasing such community interest or estate shall sign, seal, execute and acknowledge the deed as a single person without the joinder therein of the married party or party to a state registered domestic partnership therein named as grantee: PROVIDED, HOWEVER, That the conveyances or transfers hereby authorized shall not affect any existing equity in favor of creditors of the grantor at the time of such transfer, gift or conveyance. AND PROVIDED FURTHER, That any deeds of gift conveyances or releases of community estate by or between ~~((husband and wife))~~ spouses or between domestic partners heretofore made but in which ~~((the husband and wife))~~ both spouses or both domestic partners have not joined as grantors, said deeds~~((The))~~, where made in good faith and without intent to hinder, delay or defraud creditors~~((The))~~, shall be and the same are hereby fully legalized as valid and binding.

Sec. 606. RCW 26.16.060 and Code 1881 s 2403 are each amended to read as follows:

A ~~((husband or wife))~~ spouse or domestic partner may constitute the other his or her attorney-in-fact to manage, control or dispose of his or her property with the same power of revocation or substitution as could be exercised were they unmarried persons or were they not in a state registered domestic partnership.

Sec. 607. RCW 26.16.070 and 1888 c 27 s 2 are each amended to read as follows:

A ~~((husband or wife))~~ spouse or domestic partner may make and execute powers of attorney for the sale, conveyance, transfer or encumbrance of his or her separate estate both real and personal, without the other spouse or other domestic partner joining in the execution thereof. Such power of attorney shall be acknowledged and certified in the manner provided by law for the conveyance of real estate. Nor shall anything herein contained be so construed as to prevent either ~~((husband or wife))~~ spouse or either domestic partner from appointing the other his or her attorney-in-fact for the purposes provided in this section.

Sec. 608. RCW 26.16.080 and 1888 c 27 s 3 are each amended to read as follows:

Any conveyance, transfer, deed, lease or other encumbrances executed under and by virtue of such power of attorney shall be executed, acknowledged and certified in the same manner as if the person making such power of attorney had been unmarried or not in a state registered domestic partnership.

Sec. 609. RCW 26.16.090 and 1888 c 27 s 4 are each amended to read as follows:

A ~~((husband))~~ spouse or domestic partner may make and execute a letter of attorney to ~~((the wife, or the wife may make and execute a letter of attorney to the husband))~~ his or her spouse or domestic partner authorizing the sale or other disposition of his or her community interest or estate in the community property and as such attorney-in-fact to sign the name of such ~~((husband or wife))~~ spouse or such domestic partner to any deed, conveyance, mortgage, lease or other encumbrance or to any instrument necessary to be executed by which the property conveyed or transferred shall be released from any claim as community property. And either ~~((said husband or said wife))~~ spouse or either domestic partner may make and execute a letter of attorney to any third person to join with the other in the conveyance of any interest either in separate real estate of either, or in the community estate held by such ~~((husband or wife))~~ spouse or such domestic partner in any real property. And both ~~((husband and wife))~~ spouses or both domestic partners owning community property may jointly execute a power of attorney to a third person authorizing the sale, encumbrance or other disposition of community real property, and so execute the necessary conveyance or transfer of said real estate.

Sec. 610. RCW 26.16.095 and 1891 c 151 s 1 are each amended to read as follows:

Whenever any person, married, in a state registered domestic partnership, or single, having in his or her name the legal title of record to any real estate, shall sell or dispose of the same to an actual bona fide purchaser, a deed of such real estate from the person holding such legal record title to such actual bona fide purchaser shall be sufficient to convey to, and vest in, such purchaser the full legal and equitable title to such real estate free and clear of any and all claims of any and all persons whatsoever, not appearing of record in the auditor's office of the county in which such real estate is situated.

Sec. 611. RCW 26.16.100 and 1891 c 151 s 2 are each amended to read as follows:

A ~~((husband or wife))~~ spouse or domestic partner having an interest in real estate, by virtue of the marriage relation or state registered domestic partnership, the legal title of record to which real estate is or shall be held by the other, may protect such interest from sale or disposition by the ~~((husband or wife))~~ other spouse or other domestic partner, as the case may be, in whose name the legal title is held, by causing to be filed and recorded in the auditor's office of the county in which such real estate is situated an instrument in writing setting forth that the person filing such instrument is the ~~((husband or wife))~~ spouse or domestic partner, as the case may be, of the person holding the legal title to the real estate in question, describing such real estate and the claimant's interest therein; and when thus presented for record such instrument shall be filed and recorded by the auditor of the county in which such real estate is situated, in the same manner and with like effect as regards notice to all the world, as deeds of real estate are filed and recorded. And if either ~~((husband or wife))~~ spouse or either domestic partner fails to cause such an instrument to be filed in the auditor's office in the county in which real estate is situated, the legal title to which is held by the other, within a period of ninety days from the date when such legal title has been made a matter of record, any actual bona fide purchaser of such real estate from the person in whose name the legal title stands of record, receiving a deed of such real estate from the person thus holding the legal title, shall be deemed and held to have received the full legal and equitable title to such real estate free and clear of all claim of the other spouse or other domestic partner.

Sec. 612. RCW 26.16.120 and 1998 c 292 s 505 are each amended to read as follows:

Nothing contained in any of the provisions of this chapter or in any law of this state, shall prevent ~~((the husband and wife))~~ both spouses or both domestic partners from jointly entering into any agreement concerning the status or disposition of the whole or any portion of the community property, then owned by them or afterwards to be acquired, to take effect upon the death of either. But such agreement may be made at any time by ~~((the husband and wife))~~ both spouses or both domestic partners by the execution of an instrument in writing under their hands and seals, and to be witnessed, acknowledged and certified in the same manner as deeds to real estate are required to be, under the laws of the state, and the same may at any time thereafter be altered or amended in the same manner. Such agreement shall not derogate from the right of creditors; nor be construed to curtail the powers of the superior court to set aside or cancel such agreement for fraud or under some other recognized head of equity jurisdiction, at the suit of either party; nor prevent the application of laws governing the community property and inheritance rights of slayers under chapter 11.84 RCW.

Sec. 613. RCW 26.16.140 and 1972 ex.s. c 108 s 5 are each amended to read as follows:

When ~~((a husband and wife))~~ spouses or domestic partners are living separate and apart, their respective earnings and accumulations shall be the separate property of each. The earnings and accumulations of minor children shall be the separate property of the spouse or domestic partner who has their custody or, if no custody award has been made, then the separate property of the spouse or domestic partner with whom said children are living.

Sec. 614. RCW 26.16.150 and Code 1881 s 2396 are each amended to read as follows:

Every married person or domestic partner shall hereafter have the same right and liberty to acquire, hold, enjoy and dispose of every species of property, and to sue and be sued, as if he or she were unmarried or were not in a state registered domestic partnership.

Sec. 615. RCW 26.16.180 and Code 1881 s 2401 are each amended to read as follows:

Should either (~~husband or wife~~) spouse or either domestic partner obtain possession or control of property belonging to the other, either before or after marriage or before or after entering into a state registered domestic partnership, the owner of the property may maintain an action therefor, or for any right growing out of the same, in the same manner and to the same extent as if they were unmarried or were not in a state registered domestic partnership.

Sec. 616. RCW 26.16.190 and 1972 ex.s. c 108 s 6 are each amended to read as follows:

For all injuries committed by a married person or domestic partner, there shall be no recovery against the separate property of the other spouse or other domestic partner except in cases where there would be joint responsibility if the marriage or the state registered domestic partnership did not exist.

Sec. 617. RCW 26.16.200 and 1983 1st ex.s. c 41 s 2 are each amended to read as follows:

Neither (~~husband or wife~~) person in a marriage or state registered domestic partnership is liable for the debts or liabilities of the other incurred before marriage or state registered domestic partnership, nor for the separate debts of each other, nor is the rent or income of the separate property of either liable for the separate debts of the other: PROVIDED, That the earnings and accumulations of the (~~husband~~) spouse or domestic partner shall be available to the legal process of creditors for the satisfaction of debts incurred by (~~him~~) such spouse or domestic partner prior to the marriage(~~, and the earnings and accumulations of the wife shall be available to the legal process of creditors for the satisfaction of debts incurred by her prior to marriage~~) or the state registered domestic partnership. For the purpose of this section, neither (~~the husband nor the wife~~) person in the marriage or the state registered domestic partnership shall be construed to have any interest in the earnings of the other: PROVIDED FURTHER, That no separate debt, except a child support or maintenance obligation, may be the basis of a claim against the earnings and accumulations of either (~~a husband or wife~~) spouse or either domestic partner unless the same is reduced to judgment within three years of the marriage or the state registered domestic partnership of the parties. The obligation of a parent or stepparent to support a child may be collected out of the parent's or stepparent's separate property, the parent's or stepparent's earnings and accumulations, and the parent's or stepparent's share of community personal and real property. Funds in a community bank account which can be identified as the earnings of the nonobligated spouse or nonobligated domestic partner are exempt from satisfaction of the child support obligation of the debtor spouse or debtor domestic partner.

Sec. 618. RCW 26.16.205 and 1990 1st ex.s. c 2 s 13 are each amended to read as follows:

The expenses of the family and the education of the children, including stepchildren, are chargeable upon the property of both ~~((husband and wife)) spouses or both domestic partners~~, or either of them, and they may be sued jointly or separately. When a petition for dissolution of marriage or state registered domestic partnership or a petition for legal separation is filed, the court may, upon motion of the stepparent, terminate the obligation to support the stepchildren. The obligation to support stepchildren shall cease upon the entry of a decree of dissolution, decree of legal separation, or death.

Sec. 619. RCW 26.16.210 and Code 1881 s 2397 are each amended to read as follows:

In every case, where any question arises as to the good faith of any transaction between ~~((husband and wife)) spouses or between domestic partners~~, whether a transaction between them directly or by intervention of third person or persons, the burden of proof shall be upon the party asserting the good faith.

Sec. 620. RCW 26.16.220 and 1988 c 34 s 1 are each amended to read as follows:

(1) Unless the context clearly requires otherwise, as used in RCW 26.16.220 through 26.16.250 "quasi-community property" means all personal property wherever situated and all real property described in subsection (2) of this section that is not community property and that was heretofore or hereafter acquired:

(a) By the decedent while domiciled elsewhere and that would have been the community property of the decedent and of the decedent's surviving spouse or surviving domestic partner had the decedent been domiciled in this state at the time of its acquisition; or

(b) In derivation or in exchange for real or personal property, wherever situated, that would have been the community property of the decedent and ~~((the))~~ his or her surviving spouse or surviving domestic partner if the decedent had been domiciled in this state at the time the original property was acquired.

(2) For purposes of this section, real property includes:

(a) Real property situated in this state;

(b) Real property situated outside this state if the law of the state where the real property is located provides that the law of the decedent's domicile at death shall govern the rights of the decedent's surviving spouse or surviving domestic partner to a share of such property; and

(c) Leasehold interests in real property described in (a) or (b) of this subsection.

(3) For purposes of this section, all legal presumptions and principles applicable to the proper characterization of property as community property under the laws and decisions of this state shall apply in determining whether property would have been the community property of the decedent and ~~((the))~~ his or her surviving spouse or surviving domestic partner under the provisions of subsection (1) of this section.

Sec. 621. RCW 26.16.230 and 1988 c 34 s 2 are each amended to read as follows:

Upon the death of any person domiciled in this state, one-half of any quasi-community property shall belong to the surviving spouse or surviving domestic

partner and the other one-half of such property shall be subject to disposition at death by the decedent, and in the absence thereof, shall descend in the manner provided for community property under chapter 11.04 RCW.

Sec. 622. RCW 26.16.240 and 1988 c 34 s 3 are each amended to read as follows:

(1) If a decedent domiciled in this state on the date of his or her death made a lifetime transfer of a property interest that is quasi-community property to a person other than the surviving spouse or surviving domestic partner within three years of death, then within the time for filing claims against the estate as provided by RCW 11.40.010, the surviving spouse or surviving domestic partner may require the transferee to restore to the decedent's estate one-half of such property interest, if the transferee retains the property interest, and, if not, one-half of its proceeds, or, if none, one-half of its value at the time of transfer, if:

(a) The decedent retained, at the time of death, the possession or enjoyment of or the right to income from the property interest;

(b) The decedent retained, at the time of death, a power, either alone or in conjunction with any other person, to revoke or to consume, invade or dispose of the property interest for the decedent's own benefit; or

(c) The decedent held the property interest at the time of death with another with the right of survivorship.

(2) Notwithstanding subsection (1) of this section, no such property interest, proceeds, or value may be required to be restored to the decedent's estate if:

(a) Such property interest was transferred for adequate consideration;

(b) Such property interest was transferred with the consent of the surviving spouse or surviving domestic partner; or

(c) The transferee purchased such property interest in property from the decedent while believing in good faith that the property or property interest was the separate property of the decedent and did not constitute quasi-community property.

(3) All property interests, proceeds, or value restored to the decedent's estate under this section shall belong to the surviving spouse or surviving domestic partner pursuant to RCW 26.16.230 as though the transfer had never been made.

(4) The surviving spouse or surviving domestic partner may waive any right granted hereunder by written instrument filed in the probate proceedings. If the surviving spouse or surviving domestic partner acts as personal representative of the decedent's estate and causes the estate to be closed before the time for exercising any right granted by this section expires, such closure shall act as a waiver by the surviving spouse or surviving domestic partner of any and all rights granted by this section.

Sec. 623. RCW 26.16.250 and 1988 c 34 s 4 are each amended to read as follows:

The characterization of property as quasi-community property under this chapter shall be effective solely for the purpose of determining the disposition of such property at the time of a death, and such characterization shall not affect the rights of the decedent's creditors. For all other purposes property characterized as quasi-community property under this chapter shall be characterized without regard to the provisions of this chapter. ~~((A husband and wife))~~ Both spouses or both domestic partners may waive, modify, or relinquish any quasi-community

property right granted or created by this chapter by signed written agreement, wherever executed, before or after June 11, 1986, including without limitation, community property agreements, prenuptial and postnuptial agreements, or agreements as to status of property.

Sec. 624. RCW 11.84.030 and 1965 c 145 s 11.84.030 are each amended to read as follows:

The slayer shall be deemed to have predeceased the decedent as to property which would have passed from the decedent or his estate to the slayer under the statutes of descent and distribution or have been acquired by statutory right as surviving spouse or surviving domestic partner or under any agreement made with the decedent under the provisions of RCW 26.16.120 as it now exists or is hereafter amended.

Sec. 625. RCW 64.28.010 and 1993 c 19 s 1 are each amended to read as follows:

Whereas joint tenancy with right of survivorship permits property to pass to the survivor without the cost or delay of probate proceedings, there shall be a form of co-ownership of property, real and personal, known as joint tenancy. A joint tenancy shall have the incidents of survivorship and severability as at common law, including the unilateral right of each tenant to sever the joint tenancy. Joint tenancy shall be created only by written instrument, which instrument shall expressly declare the interest created to be a joint tenancy. It may be created by a single agreement, transfer, deed, will, or other instrument of conveyance, or by agreement, transfer, deed or other instrument from a sole owner to himself or herself and others, or from tenants in common or joint tenants to themselves or some of them, or to themselves or any of them and others, or from ~~((husband and wife))~~ both spouses or both domestic partners, when holding title as community property, or otherwise, to themselves or to themselves and others, or to one of them and to another or others, or when granted or devised to executors or trustees as joint tenants: PROVIDED, That such transfer shall not derogate from the rights of creditors.

Sec. 626. RCW 64.28.020 and 1988 c 29 s 10 are each amended to read as follows:

(1) Every interest created in favor of two or more persons in their own right is an interest in common, unless acquired by them in partnership, for partnership purposes, or unless declared in its creation to be a joint tenancy, as provided in RCW 64.28.010, or unless acquired by executors or trustees.

(2) Interests in common held in the names of ~~((a husband and wife))~~ both spouses or both domestic partners, whether or not in conjunction with others, are presumed to be their community property.

(3) Subsection (2) of this section applies as of June 9, 1988, to all existing or subsequently created interests in common.

Sec. 627. RCW 64.28.030 and 1961 c 2 s 3 are each amended to read as follows:

The provisions of this chapter shall not restrict the creation of a joint tenancy in a bank deposit or in other choses in action as heretofore or hereafter provided by law, nor restrict the power of ~~((husband and wife))~~ both spouses or both domestic partners to make agreements as provided in RCW 26.16.120.

Sec. 628. RCW 64.28.040 and 1993 c 19 s 2 are each amended to read as follows:

(1) Joint tenancy interests held in the names of ~~((a husband and wife))~~ both spouses or both domestic partners, whether or not in conjunction with others, are presumed to be their community property, the same as other property held in the name of both ~~((husband and wife))~~ spouses or both domestic partners. Any such interest passes to the survivor of the ~~((husband and wife))~~ spouse or survivor of the domestic partner as provided for property held in joint tenancy, but in all other respects the interest is treated as community property.

(2) Either ~~((husband or wife))~~ person in a marriage or either person in a state registered domestic partnership, or both, may sever a joint tenancy. When a joint tenancy is severed, the property, or proceeds of the property, shall be presumed to be their community property, whether it is held in the name of ~~((the husband or wife))~~ either spouse, or both, or in the name of either domestic partner, or both.

(3) This section applies as of January 1, 1985, to all existing or subsequently created joint tenancies.

Sec. 629. RCW 9.46.231 and 1997 c 128 s 1 are each amended to read as follows:

(1) The following are subject to seizure and forfeiture and no property right exists in them:

(a) All gambling devices as defined in this chapter;

(b) All furnishings, fixtures, equipment, and stock, including without limitation furnishings and fixtures adaptable to nongambling uses and equipment and stock for printing, recording, computing, transporting, or safekeeping, used in connection with professional gambling or maintaining a gambling premises;

(c) All conveyances, including aircraft, vehicles, or vessels, that are used, or intended for use, in any manner to facilitate the sale, delivery, receipt, or operation of any gambling device, or the promotion or operation of a professional gambling activity, except that:

(i) A conveyance used by any person as a common carrier in the transaction of business as a common carrier is not subject to forfeiture under this section unless it appears that the owner or other person in charge of the conveyance is a consenting party or privy to a violation of this chapter;

(ii) A conveyance is not subject to forfeiture under this section by reason of any act or omission established by the owner thereof to have been committed or omitted without the owner's knowledge or consent;

(iii) A forfeiture of a conveyance encumbered by a bona fide security interest is subject to the interest of the secured party if the secured party neither had knowledge of nor consented to the act or omission; and

(iv) If the owner of a conveyance has been arrested under this chapter the conveyance in which the person is arrested may not be subject to forfeiture unless it is seized or process is issued for its seizure within ten days of the owner's arrest;

(d) All books, records, and research products and materials, including formulas, microfilm, tapes, and electronic data that are used, or intended for use, in violation of this chapter;

(e) All moneys, negotiable instruments, securities, or other tangible or intangible property of value at stake or displayed in or in connection with

professional gambling activity or furnished or intended to be furnished by any person to facilitate the promotion or operation of a professional gambling activity;

(f) All tangible or intangible personal property, proceeds, or assets acquired in whole or in part with proceeds traceable to professional gambling activity and all moneys, negotiable instruments, and securities used or intended to be used to facilitate any violation of this chapter. A forfeiture of money, negotiable instruments, securities, or other tangible or intangible property encumbered by a bona fide security interest is subject to the interest of the secured party if, at the time the security interest was created, the secured party neither had knowledge of nor consented to the act or omission. Personal property may not be forfeited under this subsection (1)(f), to the extent of the interest of an owner, by reason of any act or omission that that owner establishes was committed or omitted without the owner's knowledge or consent; and

(g) All real property, including any right, title, and interest in the whole of any lot or tract of land, and any appurtenances or improvements that:

(i) Have been used with the knowledge of the owner for the manufacturing, processing, delivery, importing, or exporting of any illegal gambling equipment, or operation of a professional gambling activity that would constitute a felony violation of this chapter; or

(ii) Have been acquired in whole or in part with proceeds traceable to a professional gambling activity, if the activity is not less than a class C felony.

Real property forfeited under this chapter that is encumbered by a bona fide security interest remains subject to the interest of the secured party if the secured party, at the time the security interest was created, neither had knowledge of nor consented to the act or omission. Property may not be forfeited under this subsection, to the extent of the interest of an owner, by reason of any act or omission committed or omitted without the owner's knowledge or consent.

(2)(a) A law enforcement officer of this state may seize real or personal property subject to forfeiture under this chapter upon process issued by any superior court having jurisdiction over the property. Seizure of real property includes the filing of a lis pendens by the seizing agency. Real property seized under this section may not be transferred or otherwise conveyed until ninety days after seizure or until a judgment of forfeiture is entered, whichever is later, but real property seized under this section may be transferred or conveyed to any person or entity who acquires title by foreclosure or deed in lieu of foreclosure of a bona fide security interest.

(b) Seizure of personal property without process may be made if:

(i) The seizure is incident to an arrest or a search under a search warrant or an inspection under an administrative inspection warrant;

(ii) The property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding based upon this chapter;

(iii) A law enforcement officer has probable cause to believe that the property is directly or indirectly dangerous to health or safety; or

(iv) The law enforcement officer has probable cause to believe that the property was used or is intended to be used in violation of this chapter.

(3) In the event of seizure under subsection (2) of this section, proceedings for forfeiture are deemed commenced by the seizure. The law enforcement

agency under whose authority the seizure was made shall cause notice to be served within fifteen days following the seizure on the owner of the property seized and the person in charge thereof and any person having any known right or interest therein, including any community property interest, of the seizure and intended forfeiture of the seized property. Service of notice of seizure of real property must be made according to the rules of civil procedure. However, the state may not obtain a default judgment with respect to real property against a party who is served by substituted service absent an affidavit stating that a good faith effort has been made to ascertain if the defaulted party is incarcerated within the state, and that there is no present basis to believe that the party is incarcerated within the state. Notice of seizure in the case of property subject to a security interest that has been perfected by filing a financing statement in accordance with chapter ~~((62A.9))~~ 62A.9A RCW, or a certificate of title, must be made by service upon the secured party or the secured party's assignee at the address shown on the financing statement or the certificate of title. The notice of seizure in other cases may be served by any method authorized by law or court rule including but not limited to service by certified mail with return receipt requested. Service by mail is deemed complete upon mailing within the fifteen-day period following the seizure.

(4) If no person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of items specified in subsection (1) of this section within forty-five days of the seizure in the case of personal property and ninety days in the case of real property, the item seized is deemed forfeited. The community property interest in real property of a person whose spouse or domestic partner committed a violation giving rise to seizure of the real property may not be forfeited if the person did not participate in the violation.

(5) If any person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of items specified in subsection (1) of this section within forty-five days of the seizure in the case of personal property and ninety days in the case of real property, the person or persons must be afforded a reasonable opportunity to be heard as to the claim or right. The hearing must be before the chief law enforcement officer of the seizing agency or the chief law enforcement officer's designee, except if the seizing agency is a state agency as defined in RCW 34.12.020(4), the hearing must be before the chief law enforcement officer of the seizing agency or an administrative law judge appointed under chapter 34.12 RCW, except that any person asserting a claim or right may remove the matter to a court of competent jurisdiction. Removal of any matter involving personal property may only be accomplished according to the rules of civil procedure. The person seeking removal of the matter must serve process against the state, county, political subdivision, or municipality that operates the seizing agency, and any other party of interest, in accordance with RCW 4.28.080 or 4.92.020, within forty-five days after the person seeking removal has notified the seizing law enforcement agency of the person's claim of ownership or right to possession. The court to which the matter is to be removed must be the district court if the aggregate value of personal property is within the jurisdictional limit set forth in RCW 3.66.020. A hearing before the seizing agency and any appeal therefrom must be under Title 34 RCW. In a court hearing between two or more claimants to the

article or articles involved, the prevailing party is entitled to a judgment for costs and reasonable attorneys' fees. In cases involving personal property, the burden of producing evidence is upon the person claiming to be the lawful owner or the person claiming to have the lawful right to possession of the property. In cases involving property seized under subsection (1)(a) of this section, the only issues to be determined by the tribunal are whether the item seized is a gambling device, and whether the device is an antique device as defined by RCW 9.46.235. In cases involving real property, the burden of producing evidence is upon the law enforcement agency. The burden of proof that the seized real property is subject to forfeiture is upon the law enforcement agency. The seizing law enforcement agency shall promptly return the article or articles to the claimant upon a final determination by the administrative law judge or court that the claimant is the present lawful owner or is lawfully entitled to possession thereof of items specified in subsection (1) of this section.

(6) If property is forfeited under this chapter the seizing law enforcement agency may:

(a) Retain it for official use or upon application by any law enforcement agency of this state release the property to the agency for training or use in enforcing this chapter;

(b) Sell that which is not required to be destroyed by law and which is not harmful to the public; or

(c) Destroy any articles that may not be lawfully possessed within the state of Washington, or that have a fair market value of less than one hundred dollars.

(7)(a) If property is forfeited, the seizing agency shall keep a record indicating the identity of the prior owner, if known, a description of the property, the disposition of the property, the value of the property at the time of seizure, and the amount of proceeds realized from disposition of the property. The net proceeds of forfeited property is the value of the forfeitable interest in the property after deducting the cost of satisfying any bona fide security interest to which the property is subject at the time of seizure, and in the case of sold property, after deducting the cost of sale, including reasonable fees or commissions paid to independent selling agents.

(b) Each seizing agency shall retain records of forfeited property for at least seven years.

(8) The seizing law enforcement agency shall retain forfeited property and net proceeds exclusively for the expansion and improvement of gambling-related law enforcement activity. Money retained under this section may not be used to supplant preexisting funding sources.

(9) Gambling devices that are possessed, transferred, sold, or offered for sale in violation of this chapter are contraband and must be seized and summarily forfeited to the state. Gambling equipment that is seized or comes into the possession of a law enforcement agency, the owners of which are unknown, are contraband and must be summarily forfeited to the state.

(10) Upon the entry of an order of forfeiture of real property, the court shall forward a copy of the order to the assessor of the county in which the property is located. The superior court shall enter orders for the forfeiture of real property, subject to court rules. The seizing agency shall file such an order in the county auditor's records in the county in which the real property is located.

(11)(a) A landlord may assert a claim against proceeds from the sale of assets seized and forfeited under subsection (6)(b) of this section, only if:

(i) A law enforcement officer, while acting in his or her official capacity, directly caused damage to the complaining landlord's property while executing a search of a tenant's residence; and

(ii) The landlord has applied any funds remaining in the tenant's deposit, to which the landlord has a right under chapter 59.18 RCW, to cover the damage directly caused by a law enforcement officer before asserting a claim under this section.

(A) Only if the funds applied under (a)(ii) of this subsection are insufficient to satisfy the damage directly caused by a law enforcement officer, may the landlord seek compensation for the damage by filing a claim against the governmental entity under whose authority the law enforcement agency operates within thirty days after the search; and

(B) Only if the governmental entity denies or fails to respond to the landlord's claim within sixty days of the date of filing, may the landlord collect damages under this subsection by filing within thirty days of denial or the expiration of the sixty-day period, whichever occurs first, a claim with the seizing law enforcement agency. The seizing law enforcement agency shall notify the landlord of the status of the claim by the end of the thirty-day period. This section does not require the claim to be paid by the end of the sixty-day or thirty-day period.

(b) For any claim filed under (a)(ii) of this subsection, the law enforcement agency shall pay the claim unless the agency provides substantial proof that the landlord either:

(i) Knew or consented to actions of the tenant in violation of this chapter; or

(ii) Failed to respond to a notification of the illegal activity, provided by a law enforcement agency within seven days of receipt of notification of the illegal activity.

(12) The landlord's claim for damages under subsection (11) of this section may not include a claim for loss of business and is limited to:

(a) Damage to tangible property and clean-up costs;

(b) The lesser of the cost of repair or fair market value of the damage directly caused by a law enforcement officer;

(c) The proceeds from the sale of the specific tenant's property seized and forfeited under subsection (6)(b) of this section; and

(d) The proceeds available after the seizing law enforcement agency satisfies any bona fide security interest in the tenant's property and costs related to sale of the tenant's property as provided by subsection (7)(a) of this section.

(13) Subsections (11) and (12) of this section do not limit any other rights a landlord may have against a tenant to collect for damages. However, if a law enforcement agency satisfies a landlord's claim under subsection (11) of this section, the rights the landlord has against the tenant for damages directly caused by a law enforcement officer under the terms of the landlord and tenant's contract are subrogated to the law enforcement agency.

(14) Liability is not imposed by this section upon any authorized state, county, or municipal officer, including a commission special agent, in the lawful performance of his or her duties.

Sec. 630. RCW 9A.83.030 and 2001 c 168 s 2 are each amended to read as follows:

(1) Proceeds traceable to or derived from specified unlawful activity or a violation of RCW 9A.83.020 are subject to seizure and forfeiture. The attorney general or county prosecuting attorney may file a civil action for the forfeiture of proceeds. Unless otherwise provided for under this section, no property rights exist in these proceeds. All right, title, and interest in the proceeds shall vest in the governmental entity of which the seizing law enforcement agency is a part upon commission of the act or omission giving rise to forfeiture under this section.

(2) Real or personal property subject to forfeiture under this chapter may be seized by any law enforcement officer of this state upon process issued by a superior court that has jurisdiction over the property. Any agency seizing real property shall file a lis pendens concerning the property. Real property seized under this section shall not be transferred or otherwise conveyed until ninety days after seizure or until a judgment of forfeiture is entered, whichever is later. Real property seized under this section may be transferred or conveyed to any person or entity who acquires title by foreclosure or deed in lieu of foreclosure of a security interest. Seizure of personal property without process may be made if:

(a) The seizure is incident to an arrest or a search under a search warrant or an inspection under an administrative inspection warrant issued pursuant to RCW 69.50.502; or

(b) The property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding based upon this chapter.

(3) A seizure under subsection (2) of this section commences proceedings for forfeiture. The law enforcement agency under whose authority the seizure was made shall cause notice of the seizure and intended forfeiture of the seized proceeds to be served within fifteen days after the seizure on the owner of the property seized and the person in charge thereof and any person who has a known right or interest therein, including a community property interest. Service of notice of seizure of real property shall be made according to the rules of civil procedure. However, the state may not obtain a default judgment with respect to real property against a party who is served by substituted service absent an affidavit stating that a good faith effort has been made to ascertain if the defaulted party is incarcerated within the state, and that there is no present basis to believe that the party is incarcerated within the state. The notice of seizure in other cases may be served by any method authorized by law or court rule including but not limited to service by certified mail with return receipt requested. Service by mail is complete upon mailing within the fifteen-day period after the seizure.

(4) If no person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of the property within forty-five days of the seizure in the case of personal property and ninety days in the case of real property, the property seized shall be deemed forfeited. The community property interest in real property of a person whose spouse or domestic partner committed a violation giving rise to seizure of the real property may not be forfeited if the person did not participate in the violation.

(5) If a person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of property within forty-five days of the seizure in the case of personal property and ninety days in the case of real property, the person or persons shall be afforded a reasonable opportunity to be heard as to the claim or right. The provisions of RCW 69.50.505~~((e))~~ (5) shall apply to any such hearing. The seizing law enforcement agency shall promptly return property to the claimant upon the direction of the administrative law judge or court.

(6) Disposition of forfeited property shall be made in the manner provided for in RCW 69.50.505 ~~((h) through (j) and (n))~~ (8) through (10) and (14).

Sec. 631. RCW 69.50.505 and 2003 c 53 s 348 are each amended to read as follows:

(1) The following are subject to seizure and forfeiture and no property right exists in them:

(a) All controlled substances which have been manufactured, distributed, dispensed, acquired, or possessed in violation of this chapter or chapter 69.41 or 69.52 RCW, and all hazardous chemicals, as defined in RCW 64.44.010, used or intended to be used in the manufacture of controlled substances;

(b) All raw materials, products, and equipment of any kind which are used, or intended for use, in manufacturing, compounding, processing, delivering, importing, or exporting any controlled substance in violation of this chapter or chapter 69.41 or 69.52 RCW;

(c) All property which is used, or intended for use, as a container for property described in (a) or (b) of this subsection;

(d) All conveyances, including aircraft, vehicles, or vessels, which are used, or intended for use, in any manner to facilitate the sale, delivery, or receipt of property described in (a) or (b) of this subsection, except that:

(i) No conveyance used by any person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section unless it appears that the owner or other person in charge of the conveyance is a consenting party or privy to a violation of this chapter or chapter 69.41 or 69.52 RCW;

(ii) No conveyance is subject to forfeiture under this section by reason of any act or omission established by the owner thereof to have been committed or omitted without the owner's knowledge or consent;

(iii) No conveyance is subject to forfeiture under this section if used in the receipt of only an amount of marijuana for which possession constitutes a misdemeanor under RCW 69.50.4014;

(iv) A forfeiture of a conveyance encumbered by a bona fide security interest is subject to the interest of the secured party if the secured party neither had knowledge of nor consented to the act or omission; and

(v) When the owner of a conveyance has been arrested under this chapter or chapter 69.41 or 69.52 RCW the conveyance in which the person is arrested may not be subject to forfeiture unless it is seized or process is issued for its seizure within ten days of the owner's arrest;

(e) All books, records, and research products and materials, including formulas, microfilm, tapes, and data which are used, or intended for use, in violation of this chapter or chapter 69.41 or 69.52 RCW;

(f) All drug paraphernalia;

(g) All moneys, negotiable instruments, securities, or other tangible or intangible property of value furnished or intended to be furnished by any person in exchange for a controlled substance in violation of this chapter or chapter 69.41 or 69.52 RCW, all tangible or intangible personal property, proceeds, or assets acquired in whole or in part with proceeds traceable to an exchange or series of exchanges in violation of this chapter or chapter 69.41 or 69.52 RCW, and all moneys, negotiable instruments, and securities used or intended to be used to facilitate any violation of this chapter or chapter 69.41 or 69.52 RCW. A forfeiture of money, negotiable instruments, securities, or other tangible or intangible property encumbered by a bona fide security interest is subject to the interest of the secured party if, at the time the security interest was created, the secured party neither had knowledge of nor consented to the act or omission. No personal property may be forfeited under this subsection (1)(g), to the extent of the interest of an owner, by reason of any act or omission which that owner establishes was committed or omitted without the owner's knowledge or consent; and

(h) All real property, including any right, title, and interest in the whole of any lot or tract of land, and any appurtenances or improvements which are being used with the knowledge of the owner for the manufacturing, compounding, processing, delivery, importing, or exporting of any controlled substance, or which have been acquired in whole or in part with proceeds traceable to an exchange or series of exchanges in violation of this chapter or chapter 69.41 or 69.52 RCW, if such activity is not less than a class C felony and a substantial nexus exists between the commercial production or sale of the controlled substance and the real property. However:

(i) No property may be forfeited pursuant to this subsection (1)(h), to the extent of the interest of an owner, by reason of any act or omission committed or omitted without the owner's knowledge or consent;

(ii) The bona fide gift of a controlled substance, legend drug, or imitation controlled substance shall not result in the forfeiture of real property;

(iii) The possession of marijuana shall not result in the forfeiture of real property unless the marijuana is possessed for commercial purposes, the amount possessed is five or more plants or one pound or more of marijuana, and a substantial nexus exists between the possession of marijuana and the real property. In such a case, the intent of the offender shall be determined by the preponderance of the evidence, including the offender's prior criminal history, the amount of marijuana possessed by the offender, the sophistication of the activity or equipment used by the offender, and other evidence which demonstrates the offender's intent to engage in commercial activity;

(iv) The unlawful sale of marijuana or a legend drug shall not result in the forfeiture of real property unless the sale was forty grams or more in the case of marijuana or one hundred dollars or more in the case of a legend drug, and a substantial nexus exists between the unlawful sale and the real property; and

(v) A forfeiture of real property encumbered by a bona fide security interest is subject to the interest of the secured party if the secured party, at the time the security interest was created, neither had knowledge of nor consented to the act or omission.

(2) Real or personal property subject to forfeiture under this chapter may be seized by any board inspector or law enforcement officer of this state upon

process issued by any superior court having jurisdiction over the property. Seizure of real property shall include the filing of a lis pendens by the seizing agency. Real property seized under this section shall not be transferred or otherwise conveyed until ninety days after seizure or until a judgment of forfeiture is entered, whichever is later: PROVIDED, That real property seized under this section may be transferred or conveyed to any person or entity who acquires title by foreclosure or deed in lieu of foreclosure of a security interest. Seizure of personal property without process may be made if:

(a) The seizure is incident to an arrest or a search under a search warrant or an inspection under an administrative inspection warrant;

(b) The property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding based upon this chapter;

(c) A board inspector or law enforcement officer has probable cause to believe that the property is directly or indirectly dangerous to health or safety; or

(d) The board inspector or law enforcement officer has probable cause to believe that the property was used or is intended to be used in violation of this chapter.

(3) In the event of seizure pursuant to subsection (2) of this section, proceedings for forfeiture shall be deemed commenced by the seizure. The law enforcement agency under whose authority the seizure was made shall cause notice to be served within fifteen days following the seizure on the owner of the property seized and the person in charge thereof and any person having any known right or interest therein, including any community property interest, of the seizure and intended forfeiture of the seized property. Service of notice of seizure of real property shall be made according to the rules of civil procedure. However, the state may not obtain a default judgment with respect to real property against a party who is served by substituted service absent an affidavit stating that a good faith effort has been made to ascertain if the defaulted party is incarcerated within the state, and that there is no present basis to believe that the party is incarcerated within the state. Notice of seizure in the case of property subject to a security interest that has been perfected by filing a financing statement in accordance with chapter 62A.9A RCW, or a certificate of title, shall be made by service upon the secured party or the secured party's assignee at the address shown on the financing statement or the certificate of title. The notice of seizure in other cases may be served by any method authorized by law or court rule including but not limited to service by certified mail with return receipt requested. Service by mail shall be deemed complete upon mailing within the fifteen day period following the seizure.

(4) If no person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of items specified in subsection (1)(d), (g), or (h) of this section within forty-five days of the seizure in the case of personal property and ninety days in the case of real property, the item seized shall be deemed forfeited. The community property interest in real property of a person whose spouse or domestic partner committed a violation giving rise to seizure of the real property may not be forfeited if the person did not participate in the violation.

(5) If any person notifies the seizing law enforcement agency in writing of the person's claim of ownership or right to possession of items specified in

subsection (1)(b), (c), (d), (e), (f), (g), or (h) of this section within forty-five days of the seizure in the case of personal property and ninety days in the case of real property, the person or persons shall be afforded a reasonable opportunity to be heard as to the claim or right. The hearing shall be before the chief law enforcement officer of the seizing agency or the chief law enforcement officer's designee, except where the seizing agency is a state agency as defined in RCW 34.12.020(4), the hearing shall be before the chief law enforcement officer of the seizing agency or an administrative law judge appointed under chapter 34.12 RCW, except that any person asserting a claim or right may remove the matter to a court of competent jurisdiction. Removal of any matter involving personal property may only be accomplished according to the rules of civil procedure. The person seeking removal of the matter must serve process against the state, county, political subdivision, or municipality that operates the seizing agency, and any other party of interest, in accordance with RCW 4.28.080 or 4.92.020, within forty-five days after the person seeking removal has notified the seizing law enforcement agency of the person's claim of ownership or right to possession. The court to which the matter is to be removed shall be the district court when the aggregate value of personal property is within the jurisdictional limit set forth in RCW 3.66.020. A hearing before the seizing agency and any appeal therefrom shall be under Title 34 RCW. In all cases, the burden of proof is upon the law enforcement agency to establish, by a preponderance of the evidence, that the property is subject to forfeiture.

The seizing law enforcement agency shall promptly return the article or articles to the claimant upon a determination by the administrative law judge or court that the claimant is the present lawful owner or is lawfully entitled to possession thereof of items specified in subsection (1)(b), (c), (d), (e), (f), (g), or (h) of this section.

(6) In any proceeding to forfeit property under this title, where the claimant substantially prevails, the claimant is entitled to reasonable attorneys' fees reasonably incurred by the claimant. In addition, in a court hearing between two or more claimants to the article or articles involved, the prevailing party is entitled to a judgment for costs and reasonable attorneys' fees.

(7) When property is forfeited under this chapter the board or seizing law enforcement agency may:

(a) Retain it for official use or upon application by any law enforcement agency of this state release such property to such agency for the exclusive use of enforcing the provisions of this chapter;

(b) Sell that which is not required to be destroyed by law and which is not harmful to the public;

(c) Request the appropriate sheriff or director of public safety to take custody of the property and remove it for disposition in accordance with law; or

(d) Forward it to the drug enforcement administration for disposition.

(8)(a) When property is forfeited, the seizing agency shall keep a record indicating the identity of the prior owner, if known, a description of the property, the disposition of the property, the value of the property at the time of seizure, and the amount of proceeds realized from disposition of the property.

(b) Each seizing agency shall retain records of forfeited property for at least seven years.

(c) Each seizing agency shall file a report including a copy of the records of forfeited property with the state treasurer each calendar quarter.

(d) The quarterly report need not include a record of forfeited property that is still being held for use as evidence during the investigation or prosecution of a case or during the appeal from a conviction.

(9)(a) By January 31st of each year, each seizing agency shall remit to the state treasurer an amount equal to ten percent of the net proceeds of any property forfeited during the preceding calendar year. Money remitted shall be deposited in the violence reduction and drug enforcement account under RCW 69.50.520.

(b) The net proceeds of forfeited property is the value of the forfeitable interest in the property after deducting the cost of satisfying any bona fide security interest to which the property is subject at the time of seizure; and in the case of sold property, after deducting the cost of sale, including reasonable fees or commissions paid to independent selling agents, and the cost of any valid landlord's claim for damages under subsection (15) of this section.

(c) The value of sold forfeited property is the sale price. The value of retained forfeited property is the fair market value of the property at the time of seizure, determined when possible by reference to an applicable commonly used index, such as the index used by the department of licensing for valuation of motor vehicles. A seizing agency may use, but need not use, an independent qualified appraiser to determine the value of retained property. If an appraiser is used, the value of the property appraised is net of the cost of the appraisal. The value of destroyed property and retained firearms or illegal property is zero.

(10) Forfeited property and net proceeds not required to be paid to the state treasurer shall be retained by the seizing law enforcement agency exclusively for the expansion and improvement of controlled substances related law enforcement activity. Money retained under this section may not be used to supplant preexisting funding sources.

(11) Controlled substances listed in Schedule I, II, III, IV, and V that are possessed, transferred, sold, or offered for sale in violation of this chapter are contraband and shall be seized and summarily forfeited to the state. Controlled substances listed in Schedule I, II, III, IV, and V, which are seized or come into the possession of the board, the owners of which are unknown, are contraband and shall be summarily forfeited to the board.

(12) Species of plants from which controlled substances in Schedules I and II may be derived which have been planted or cultivated in violation of this chapter, or of which the owners or cultivators are unknown, or which are wild growths, may be seized and summarily forfeited to the board.

(13) The failure, upon demand by a board inspector or law enforcement officer, of the person in occupancy or in control of land or premises upon which the species of plants are growing or being stored to produce an appropriate registration or proof that he or she is the holder thereof constitutes authority for the seizure and forfeiture of the plants.

(14) Upon the entry of an order of forfeiture of real property, the court shall forward a copy of the order to the assessor of the county in which the property is located. Orders for the forfeiture of real property shall be entered by the superior court, subject to court rules. Such an order shall be filed by the seizing agency in the county auditor's records in the county in which the real property is located.

(15) A landlord may assert a claim against proceeds from the sale of assets seized and forfeited under subsection (7)(b) of this section, only if:

(a) A law enforcement officer, while acting in his or her official capacity, directly caused damage to the complaining landlord's property while executing a search of a tenant's residence; and

(b) The landlord has applied any funds remaining in the tenant's deposit, to which the landlord has a right under chapter 59.18 RCW, to cover the damage directly caused by a law enforcement officer prior to asserting a claim under the provisions of this section;

(i) Only if the funds applied under (b) of this subsection are insufficient to satisfy the damage directly caused by a law enforcement officer, may the landlord seek compensation for the damage by filing a claim against the governmental entity under whose authority the law enforcement agency operates within thirty days after the search;

(ii) Only if the governmental entity denies or fails to respond to the landlord's claim within sixty days of the date of filing, may the landlord collect damages under this subsection by filing within thirty days of denial or the expiration of the sixty-day period, whichever occurs first, a claim with the seizing law enforcement agency. The seizing law enforcement agency must notify the landlord of the status of the claim by the end of the thirty-day period. Nothing in this section requires the claim to be paid by the end of the sixty-day or thirty-day period.

(c) For any claim filed under (b) of this subsection, the law enforcement agency shall pay the claim unless the agency provides substantial proof that the landlord either:

(i) Knew or consented to actions of the tenant in violation of this chapter or chapter 69.41 or 69.52 RCW; or

(ii) Failed to respond to a notification of the illegal activity, provided by a law enforcement agency under RCW 59.18.075, within seven days of receipt of notification of the illegal activity.

(16) The landlord's claim for damages under subsection (15) of this section may not include a claim for loss of business and is limited to:

(a) Damage to tangible property and clean-up costs;

(b) The lesser of the cost of repair or fair market value of the damage directly caused by a law enforcement officer;

(c) The proceeds from the sale of the specific tenant's property seized and forfeited under subsection (7)(b) of this section; and

(d) The proceeds available after the seizing law enforcement agency satisfies any bona fide security interest in the tenant's property and costs related to sale of the tenant's property as provided by subsection (9)(b) of this section.

(17) Subsections (15) and (16) of this section do not limit any other rights a landlord may have against a tenant to collect for damages. However, if a law enforcement agency satisfies a landlord's claim under subsection (15) of this section, the rights the landlord has against the tenant for damages directly caused by a law enforcement officer under the terms of the landlord and tenant's contract are subrogated to the law enforcement agency.

Sec. 632. RCW 64.06.010 and 2007 c 107 s 3 are each amended to read as follows:

This chapter does not apply to the following transfers of residential real property:

- (1) A foreclosure or deed-in-lieu of foreclosure;
- (2) A gift or other transfer to a parent, spouse, domestic partner, or child of a transferor or child of any parent (~~((ø#))~~), spouse, or domestic partner of a transferor;
- (3) A transfer between spouses or between domestic partners in connection with a marital dissolution or dissolution of a state registered domestic partnership;
- (4) A transfer where a buyer had an ownership interest in the property within two years of the date of the transfer including, but not limited to, an ownership interest as a partner in a partnership, a limited partner in a limited partnership, a shareholder in a corporation, a leasehold interest, or transfers to and from a facilitator pursuant to a tax deferred exchange;
- (5) A transfer of an interest that is less than fee simple, except that the transfer of a vendee's interest under a real estate contract is subject to the requirements of this chapter;
- (6) A transfer made by the personal representative of the estate of the decedent or by a trustee in bankruptcy; and
- (7) A transfer in which the buyer has expressly waived the receipt of the seller disclosure statement. However, if the answer to any of the questions in the section entitled "Environmental" would be "yes," the buyer may not waive the receipt of the "Environmental" section of the seller disclosure statement.

Sec. 633. RCW 6.13.020 and 1987 c 442 s 202 are each amended to read as follows:

If the owner is married or in a state registered domestic partnership, the homestead may consist of the community or jointly owned property of the spouses or the domestic partners or the separate property of either spouse or either domestic partner: PROVIDED, That the same premises may not be claimed separately by the (~~((husband and wife))~~) spouses or domestic partners with the effect of increasing the net value of the homestead available to the marital community or state registered domestic partnership beyond the amount specified in RCW 6.13.030 as now or hereafter amended. When the owner is not married or not in a state registered domestic partnership, the homestead may consist of any of his or her property.

Sec. 634. RCW 6.13.060 and 1987 c 442 s 206 are each amended to read as follows:

The homestead of a (~~((married person))~~) spouse or domestic partner cannot be conveyed or encumbered unless the instrument by which it is conveyed or encumbered is executed and acknowledged by both (~~((husband and wife))~~) spouses or both domestic partners, except that (~~((a husband or a wife))~~) either spouse or both or either domestic partner or both jointly may make and execute powers of attorney for the conveyance or encumbrance of the homestead.

Sec. 635. RCW 6.13.080 and 2007 c 429 s 2 are each amended to read as follows:

The homestead exemption is not available against an execution or forced sale in satisfaction of judgments obtained:

(1) On debts secured by mechanic's, laborer's, construction, maritime, automobile repair, materialmen's or vendor's liens arising out of and against the particular property claimed as a homestead;

(2) On debts secured (a) by security agreements describing as collateral the property that is claimed as a homestead or (b) by mortgages or deeds of trust on the premises that have been executed and acknowledged by ~~((the husband and wife))~~ both spouses or both domestic partners or by any ~~((unmarried))~~ claimant not married or in a state registered domestic partnership;

(3) On one spouse's or one domestic partner's or the community's debts existing at the time of that spouse's or that domestic partner's bankruptcy filing where (a) bankruptcy is filed by both spouses or both domestic partners within a six-month period, other than in a joint case or a case in which their assets are jointly administered, and (b) the other spouse or other domestic partner exempts property from property of the estate under the bankruptcy exemption provisions of 11 U.S.C. Sec. 522(d);

(4) On debts arising from a lawful court order or decree or administrative order establishing a child support obligation or obligation to pay ~~((spousal))~~ maintenance;

(5) On debts owing to the state of Washington for recovery of medical assistance correctly paid on behalf of an individual consistent with 42 U.S.C. Sec. 1396p;

(6) On debts secured by a condominium's or homeowner association's lien. In order for an association to be exempt under this provision, the association must have provided a homeowner with notice that nonpayment of the association's assessment may result in foreclosure of the association lien and that the homestead protection under this chapter shall not apply. An association has complied with this notice requirement by mailing the notice, by first-class mail, to the address of the owner's lot or unit. The notice required in this subsection shall be given within thirty days from the date the association learns of a new owner, but in all cases the notice must be given prior to the initiation of a foreclosure. The phrase "learns of a new owner" in this subsection means actual knowledge of the identity of a homeowner acquiring title after June 9, 1988, and does not require that an association affirmatively ascertain the identity of a homeowner. Failure to give the notice specified in this subsection affects an association's lien only for debts accrued up to the time an association complies with the notice provisions under this subsection; or

(7) On debts owed for taxes collected under chapters 82.08, 82.12, and 82.14 RCW but not remitted to the department of revenue.

Sec. 636. RCW 6.13.180 and 1987 c 442 s 218 are each amended to read as follows:

The money paid to the owner is entitled to the same protection against legal process and the voluntary disposition of the ~~((husband or wife))~~ other spouse or other domestic partner which the law gives to the homestead.

Sec. 637. RCW 6.13.210 and 1987 c 442 s 221 are each amended to read as follows:

In case of a homestead, if either ~~((the husband or wife))~~ spouse or either domestic partner shall be or become incompetent or disabled to such a degree that he or she is unable to assist in the management of his or her interest in the

~~((marital))~~ property of the marriage or domestic partnership and no guardian has been appointed, upon application of the other spouse or other domestic partner to the superior court of the county in which the homestead is situated, and upon due proof of such incompetency or disability in the severity required above, the court may make an order permitting the ~~((husband or wife))~~ spouse or the domestic partner applying to the court to sell and convey or mortgage such homestead.

Sec. 638. RCW 6.13.220 and 1987 c 442 s 222 are each amended to read as follows:

Notice of the application for such order shall be given by publication of the same in a newspaper published in the county in which such homestead is situated, if there be a newspaper published therein, once each week for three successive weeks prior to the hearing of such application, and a copy of such notice shall be served upon the alleged incompetent ~~((husband or wife))~~ spouse or domestic partner personally, and upon the nearest relative of such incompetent or disabled ~~((husband or wife))~~ spouse or domestic partner other than the applicant, resident in this state, at least three weeks prior to such application being heard, and in case there be no such relative known to the applicant, a copy of such notice shall be served upon the prosecuting attorney of the county in which such homestead is situated; and it is hereby made the duty of such prosecuting attorney, upon being served with a copy of such notice, to appear in court and see that such application is made in good faith, and that the proceedings thereon are fairly conducted.

Sec. 639. RCW 6.13.230 and 1987 c 442 s 223 are each amended to read as follows:

Thirty days before the hearing of any application under the provisions of this chapter, the applicant shall present and file in the court in which such application is to be heard a petition for the order mentioned, subscribed and sworn to by the applicant, setting forth the name and age of the alleged incompetent or disabled ~~((husband or wife))~~ spouse or domestic partner; a description of the premises constituting the homestead; the value of the same; the county in which it is situated; such facts necessary to show that the nonpetitioning ~~((husband or wife))~~ spouse or domestic partner is incompetent or disabled to the degree required under RCW 6.13.210; and such additional facts relating to the circumstances and necessities of the applicant and his or her family as he or she may rely upon in support of the petition.

Sec. 640. RCW 26.16.125 and Code 1881 s 2399 are each amended to read as follows:

Henceforth the rights and responsibilities of the parents in the absence of misconduct shall be equal, and ~~((the mother))~~ one parent shall be as fully entitled to the custody, control and earnings of the children as the ~~((father))~~ other parent, and in case of ~~((the father's))~~ one parent's death, the ~~((mother))~~ other parent shall come into ~~((as))~~ full and complete control of the children and their estate ~~((as the father does in case of the mother's death))~~.

Sec. 641. RCW 60.04.211 and 1991 c 281 s 21 are each amended to read as follows:

The claim of lien, when filed as required by this chapter, shall be notice to the ~~((husband or wife))~~ spouse or the domestic partner of the person who appears of record to be the owner of the property sought to be charged with the lien, and

shall subject all the community interest of both (~~husband and wife~~) spouses or both domestic partners to the lien.

PART VII - TAXES

Sec. 701. RCW 82.45.010 and 2000 2nd sp.s. c 4 s 26 are each amended to read as follows:

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

(2) The term "sale" also includes the transfer or acquisition within any twelve-month period of a controlling interest in any entity with an interest in real property located in this state for a valuable consideration. For purposes of this subsection, all acquisitions of persons acting in concert shall be aggregated for purposes of determining whether a transfer or acquisition of a controlling interest has taken place. The department of revenue shall adopt standards by rule to determine when persons are acting in concert. In adopting a rule for this purpose, the department shall consider the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(p)(i) A transfer that for federal income tax purposes does not involve the recognition of gain or loss for entity formation, liquidation or dissolution, and reorganization, including but not limited to nonrecognition of gain or loss

because of application of section 332, 337, 351, 368(a)(1), 721, or 731 of the Internal Revenue Code of 1986, as amended.

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

Sec. 702. RCW 84.38.030 and 2006 c 62 s 3 are each amended to read as follows:

A claimant may defer payment of special assessments and/or real property taxes on up to eighty percent of the amount of the claimant's equity value in the claimant's residence if the following conditions are met:

(1) The claimant must meet all requirements for an exemption for the residence under RCW 84.36.381, other than the age and income limits under RCW 84.36.381.

(2) The claimant must be sixty years of age or older on December 31st of the year in which the deferral claim is filed, or must have been, at the time of filing, retired from regular gainful employment by reason of physical disability: PROVIDED, That any surviving spouse or surviving domestic partner of a person who was receiving a deferral at the time of the person's death shall qualify if the surviving spouse or surviving domestic partner is fifty-seven years of age or older and otherwise meets the requirements of this section.

(3) The claimant must have a combined disposable income, as defined in RCW 84.36.383, of forty thousand dollars or less.

(4) The claimant must have owned, at the time of filing, the residence on which the special assessment and/or real property taxes have been imposed. For purposes of this subsection, a residence owned by a marital community, owned by domestic partners, or owned by cotenants shall be deemed to be owned by each spouse, each domestic partner, or each cotenant. A claimant who has only a share ownership in cooperative housing, a life estate, a lease for life, or a revocable trust does not satisfy the ownership requirement.

(5) The claimant must have and keep in force fire and casualty insurance in sufficient amount to protect the interest of the state in the claimant's equity value: PROVIDED, That if the claimant fails to keep fire and casualty insurance in force to the extent of the state's interest in the claimant's equity value, the amount deferred shall not exceed one hundred percent of the claimant's equity value in the land or lot only.

(6) In the case of special assessment deferral, the claimant must have opted for payment of such special assessments on the installment method if such method was available.

Sec. 703. RCW 84.38.070 and 1975 1st ex.s. c 291 s 32 are each amended to read as follows:

If the claimant declaring his or her intention to defer special assessments or real property tax obligations under this chapter ceases to reside permanently on the property for which the declaration to defer is made between the date of filing the declaration and December 15th of that year, the deferral otherwise allowable under this chapter shall not be allowed on such tax roll. However, this section shall not apply where the claimant dies, leaving a spouse or domestic partner surviving, who is also eligible for deferral of special assessment and/or property taxes.

Sec. 704. RCW 84.38.130 and 1984 c 220 s 26 are each amended to read as follows:

Special assessments and/or real property tax obligations deferred under this chapter shall become payable together with interest as provided in RCW 84.38.100:

(1) Upon the sale of property which has a deferred special assessment and/or real property tax lien upon it.

(2) Upon the death of the claimant with an outstanding deferred special assessment and/or real property tax lien except a surviving spouse or surviving domestic partner who is qualified under this chapter may elect to incur the special assessment and/or real property tax lien which shall then be payable by that spouse or that domestic partner as provided in this section.

(3) Upon the condemnation of property with a deferred special assessment and/or real property tax lien upon it by a public or private body exercising eminent domain power, except as otherwise provided in RCW 84.60.070.

(4) At such time as the claimant ceases to reside permanently in the residence upon which the deferral has been granted.

(5) Upon the failure of any condition set forth in RCW 84.38.030.

Sec. 705. RCW 84.38.150 and 1975 1st ex.s. c 291 s 40 are each amended to read as follows:

(1) A surviving spouse or surviving domestic partner of the claimant may elect to continue the property in its deferred tax status if the property is the residence of the spouse or domestic partner of the claimant and the spouse or domestic partner meets the requirements of this chapter.

(2) The election under this section to continue the property in its deferred status by the spouse or the domestic partner of the claimant shall be filed in the same manner as an original claim for deferral is filed under this chapter, not later than ninety days from the date of the claimant's death. Thereupon, the property with respect to which the deferral of special assessments and/or real property taxes is claimed shall continue to be treated as deferred property. When the property has been continued in its deferred status by the filing of the spouse or the domestic partner of the claimant of an election under this section, the spouse or the domestic partner of the claimant may continue the property in its deferred status in subsequent years by filing a claim under this chapter so long as the spouse or the domestic partner meets the qualifications set out in this section.

Sec. 706. RCW 84.36.381 and 2005 c 248 s 2 are each amended to read as follows:

A person shall be exempt from any legal obligation to pay all or a portion of the amount of excess and regular real property taxes due and payable in the year following the year in which a claim is filed, and thereafter, in accordance with the following:

(1) The property taxes must have been imposed upon a residence which was occupied by the person claiming the exemption as a principal place of residence as of the time of filing: PROVIDED, That any person who sells, transfers, or is displaced from his or her residence may transfer his or her exemption status to a replacement residence, but no claimant shall receive an exemption on more than one residence in any year: PROVIDED FURTHER, That confinement of the person to a hospital, nursing home, boarding home, or adult family home shall not disqualify the claim of exemption if:

(a) The residence is temporarily unoccupied;

(b) The residence is occupied by a spouse or a domestic partner and/or a person financially dependent on the claimant for support; or

(c) The residence is rented for the purpose of paying nursing home, hospital, boarding home, or adult family home costs;

(2) The person claiming the exemption must have owned, at the time of filing, in fee, as a life estate, or by contract purchase, the residence on which the property taxes have been imposed or if the person claiming the exemption lives in a cooperative housing association, corporation, or partnership, such person must own a share therein representing the unit or portion of the structure in which he or she resides. For purposes of this subsection, a residence owned by a marital community or state registered domestic partnership or owned by cotenants shall be deemed to be owned by each spouse or each domestic partner or each cotenant, and any lease for life shall be deemed a life estate;

(3) The person claiming the exemption must be (a) sixty-one years of age or older on December 31st of the year in which the exemption claim is filed, or must have been, at the time of filing, retired from regular gainful employment by reason of disability, or (b) a veteran of the armed forces of the United States with one hundred percent service-connected disability as provided in 42 U.S.C. Sec. 423 (d)(1)(A) as amended prior to January 1, 2005. However, any surviving spouse or surviving domestic partner of a person who was receiving an exemption at the time of the person's death shall qualify if the surviving spouse or surviving domestic partner is fifty-seven years of age or older and otherwise meets the requirements of this section;

(4) The amount that the person shall be exempt from an obligation to pay shall be calculated on the basis of combined disposable income, as defined in RCW 84.36.383. If the person claiming the exemption was retired for two months or more of the assessment year, the combined disposable income of such person shall be calculated by multiplying the average monthly combined disposable income of such person during the months such person was retired by twelve. If the income of the person claiming exemption is reduced for two or more months of the assessment year by reason of the death of the person's spouse or the person's domestic partner, or when other substantial changes occur in disposable income that are likely to continue for an indefinite period of time, the combined disposable income of such person shall be calculated by

multiplying the average monthly combined disposable income of such person after such occurrences by twelve. If it is necessary to estimate income to comply with this subsection, the assessor may require confirming documentation of such income prior to May 31 of the year following application;

(5)(a) A person who otherwise qualifies under this section and has a combined disposable income of thirty-five thousand dollars or less shall be exempt from all excess property taxes; and

(b)(i) A person who otherwise qualifies under this section and has a combined disposable income of thirty thousand dollars or less but greater than twenty-five thousand dollars shall be exempt from all regular property taxes on the greater of fifty thousand dollars or thirty-five percent of the valuation of his or her residence, but not to exceed seventy thousand dollars of the valuation of his or her residence; or

(ii) A person who otherwise qualifies under this section and has a combined disposable income of twenty-five thousand dollars or less shall be exempt from all regular property taxes on the greater of sixty thousand dollars or sixty percent of the valuation of his or her residence;

(6) For a person who otherwise qualifies under this section and has a combined disposable income of thirty-five thousand dollars or less, the valuation of the residence shall be the assessed value of the residence on the later of January 1, 1995, or January 1st of the assessment year the person first qualifies under this section. If the person subsequently fails to qualify under this section only for one year because of high income, this same valuation shall be used upon requalification. If the person fails to qualify for more than one year in succession because of high income or fails to qualify for any other reason, the valuation upon requalification shall be the assessed value on January 1st of the assessment year in which the person requalifies. If the person transfers the exemption under this section to a different residence, the valuation of the different residence shall be the assessed value of the different residence on January 1st of the assessment year in which the person transfers the exemption.

In no event may the valuation under this subsection be greater than the true and fair value of the residence on January 1st of the assessment year.

This subsection does not apply to subsequent improvements to the property in the year in which the improvements are made. Subsequent improvements to the property shall be added to the value otherwise determined under this subsection at their true and fair value in the year in which they are made.

Sec. 707. RCW 84.36.041 and 2001 c 187 s 14 are each amended to read as follows:

(1) All real and personal property used by a nonprofit home for the aging that is reasonably necessary for the purposes of the home is exempt from taxation if the benefit of the exemption inures to the home and:

(a) At least fifty percent of the occupied dwelling units in the home are occupied by eligible residents; or

(b) The home is subsidized under a federal department of housing and urban development program. The department of revenue shall provide by rule a definition of homes eligible for exemption under this subsection (1)(b), consistent with the purposes of this section.

(2) All real and personal property used by a nonprofit home for the aging that is reasonably necessary for the purposes of the home is exempt from

taxation if the benefit of the exemption inures to the home and the construction, rehabilitation, acquisition, or refinancing of the home is financed under a program using bonds exempt from federal income tax if at least seventy-five percent of the total amount financed uses the tax exempt bonds and the financing program requires the home to reserve a percentage of all dwelling units so financed for low-income residents. The initial term of the exemption under this subsection shall equal the term of the tax exempt bond used in connection with the financing program, or the term of the requirement to reserve dwelling units for low-income residents, whichever is shorter. If the financing program involves less than the entire home, only those dwelling units included in the financing program are eligible for total exemption. The department of revenue shall provide by rule the requirements for monitoring compliance with the provisions of this subsection and the requirements for exemption including:

(a) The number or percentage of dwelling units required to be occupied by low-income residents, and a definition of low income;

(b) The type and character of the dwelling units, whether independent units or otherwise; and

(c) Any particular requirements for continuing care retirement communities.

(3) A home for the aging is eligible for a partial exemption on the real property and a total exemption for the home's personal property if the home does not meet the requirements of subsection (1) of this section because fewer than fifty percent of the occupied dwelling units are occupied by eligible residents, as follows:

(a) A partial exemption shall be allowed for each dwelling unit in a home occupied by a resident requiring assistance with activities of daily living.

(b) A partial exemption shall be allowed for each dwelling unit in a home occupied by an eligible resident.

(c) A partial exemption shall be allowed for an area jointly used by a home for the aging and by a nonprofit organization, association, or corporation currently exempt from property taxation under one of the other provisions of this chapter. The shared area must be reasonably necessary for the purposes of the nonprofit organization, association, or corporation exempt from property taxation under one of the other provisions of this chapter, such as kitchen, dining, and laundry areas.

(d) The amount of exemption shall be calculated by multiplying the assessed value of the property reasonably necessary for the purposes of the home, less the assessed value of any area exempt under (c) of this subsection, by a fraction. The numerator of the fraction is the number of dwelling units occupied by eligible residents and by residents requiring assistance with activities of daily living. The denominator of the fraction is the total number of occupied dwelling units as of December 31st of the first assessment year the home becomes operational for which exemption is claimed and January 1st of each subsequent assessment year for which exemption is claimed.

(4) To be exempt under this section, the property must be used exclusively for the purposes for which the exemption is granted, except as provided in RCW 84.36.805.

(5) A home for the aging is exempt from taxation only if the organization operating the home is exempt from income tax under section 501(c) of the federal internal revenue code as existing on January 1, 1989, or such subsequent

date as the director may provide by rule consistent with the purposes of this section.

(6) In order for the home to be eligible for exemption under subsections (1)(a) and (3)(b) of this section, each eligible resident of a home for the aging shall submit an income verification form to the county assessor by July 1st of the assessment year for which exemption is claimed. However, during the first year a home becomes operational, the county assessor shall accept income verification forms from eligible residents up to December 31st of the assessment year. The income verification form shall be prescribed and furnished by the department of revenue. An eligible resident who has filed a form for a previous year need not file a new form until there is a change in status affecting the person's eligibility.

(7) In determining the true and fair value of a home for the aging for purposes of the partial exemption provided by subsection (3) of this section, the assessor shall apply the computation method provided by RCW 84.34.060 and shall consider only the use to which such property is applied during the years for which such partial exemptions are available and shall not consider potential uses of such property.

(8) As used in this section:

(a) "Eligible resident" means a person who:

(i) Occupied the dwelling unit as a principal place of residence as of December 31st of the first assessment year the home becomes operational. In each subsequent year, the eligible resident must occupy the dwelling unit as a principal place of residence as of January 1st of the assessment year for which the exemption is claimed. Confinement of the person to a hospital or nursing home does not disqualify the claim of exemption if the dwelling unit is temporarily unoccupied or if the dwelling unit is occupied by a spouse or a domestic partner, a person financially dependent on the claimant for support, or both; and

(ii) Is sixty-one years of age or older on December 31st of the year in which the exemption claim is filed, or is, at the time of filing, retired from regular gainful employment by reason of physical disability. Any surviving spouse or surviving domestic partner of a person who was receiving an exemption at the time of the person's death shall qualify if the surviving spouse or surviving domestic partner is fifty-seven years of age or older and otherwise meets the requirements of this subsection; and

(iii) Has a combined disposable income of no more than the greater of twenty-two thousand dollars or eighty percent of the median income adjusted for family size as most recently determined by the federal department of housing and urban development for the county in which the person resides. For the purposes of determining eligibility under this section, a "cotenant" means a person who resides with an eligible resident and who shares personal financial resources with the eligible resident.

(b) "Combined disposable income" means the disposable income of the person submitting the income verification form, plus the disposable income of his or her spouse or domestic partner, and the disposable income of each cotenant occupying the dwelling unit for the preceding calendar year, less amounts paid by the person submitting the income verification form or his or her spouse or domestic partner or cotenant during the previous year for the treatment

or care of either person received in the dwelling unit or in a nursing home. If the person submitting the income verification form was retired for two months or more of the preceding year, the combined disposable income of such person shall be calculated by multiplying the average monthly combined disposable income of such person during the months such person was retired by twelve. If the income of the person submitting the income verification form is reduced for two or more months of the preceding year by reason of the death of the person's spouse or domestic partner, the combined disposable income of such person shall be calculated by multiplying the average monthly combined disposable income of such person after the death of the spouse or domestic partner by twelve.

(c) "Disposable income" means adjusted gross income as defined in the federal internal revenue code, as amended prior to January 1, 1989, or such subsequent date as the director may provide by rule consistent with the purpose of this section, plus all of the following items to the extent they are not included in or have been deducted from adjusted gross income:

(i) Capital gains, other than gain excluded from income under section 121 of the federal internal revenue code to the extent it is reinvested in a new principal residence;

(ii) Amounts deducted for loss;

(iii) Amounts deducted for depreciation;

(iv) Pension and annuity receipts;

(v) Military pay and benefits other than attendant-care and medical-aid payments;

(vi) Veterans benefits other than attendant-care and medical-aid payments;

(vii) Federal social security act and railroad retirement benefits;

(viii) Dividend receipts; and

(ix) Interest received on state and municipal bonds.

(d) "Resident requiring assistance with activities of daily living" means a person who requires significant assistance with the activities of daily living and who would be at risk of nursing home placement without this assistance.

(e) "Home for the aging" means a residential housing facility that (i) provides a housing arrangement chosen voluntarily by the resident, the resident's guardian or conservator, or another responsible person; (ii) has only residents who are at least sixty-one years of age or who have needs for care generally compatible with persons who are at least sixty-one years of age; and (iii) provides varying levels of care and supervision, as agreed to at the time of admission or as determined necessary at subsequent times of reappraisal.

(9) A for-profit home for the aging that converts to nonprofit status after June 11, 1992, and would otherwise be eligible for tax exemption under this section may not receive the tax exemption until five years have elapsed since the conversion. The exemption shall then be ratably granted over the next five years.

Sec. 708. RCW 84.36.120 and 1973 1st ex.s. c 154 s 120 are each amended to read as follows:

For the purposes of RCW 84.36.110 "head of a family" shall be construed to include a surviving spouse (~~(not)~~) or surviving domestic partner who has neither remarried nor entered into a subsequent domestic partnership, any person receiving an old age pension under the laws of this state and any citizen of the

United States, over the age of sixty-five years, who has resided in the state of Washington continuously for ten years.

"Personal effects" shall be construed to mean and include such tangible property as usually and ordinarily attends the person such as wearing apparel, jewelry, toilet articles and the like.

"Private motor vehicle" shall be construed to mean and include all motor vehicles used for the convenience or pleasure of the owner and carrying a licensing classification other than motor vehicle for hire, auto stage, auto stage trailer, motor truck, motor truck trailer or dealers' licenses.

"Mobile home" shall be construed to mean and include all trailers of the type designed as facilities for human habitation and which are capable of being moved upon the public streets and highways and which are more than thirty-five feet in length or more than eight feet in width.

Sec. 709. RCW 84.36.383 and 2006 c 62 s 1 are each amended to read as follows:

As used in RCW 84.36.381 through 84.36.389, except where the context clearly indicates a different meaning:

(1) The term "residence" means a single family dwelling unit whether such unit be separate or part of a multiunit dwelling, including the land on which such dwelling stands not to exceed one acre, except that a residence includes any additional property up to a total of five acres that comprises the residential parcel if this larger parcel size is required under land use regulations. The term shall also include a share ownership in a cooperative housing association, corporation, or partnership if the person claiming exemption can establish that his or her share represents the specific unit or portion of such structure in which he or she resides. The term shall also include a single family dwelling situated upon lands the fee of which is vested in the United States or any instrumentality thereof including an Indian tribe or in the state of Washington, and notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a residence shall be deemed real property.

(2) The term "real property" shall also include a mobile home which has substantially lost its identity as a mobile unit by virtue of its being fixed in location upon land owned or leased by the owner of the mobile home and placed on a foundation (posts or blocks) with fixed pipe, connections with sewer, water, or other utilities. A mobile home located on land leased by the owner of the mobile home is subject, for tax billing, payment, and collection purposes, only to the personal property provisions of chapter 84.56 RCW and RCW 84.60.040.

(3) "Department" means the state department of revenue.

(4) "Combined disposable income" means the disposable income of the person claiming the exemption, plus the disposable income of his or her spouse or domestic partner, and the disposable income of each cotenant occupying the residence for the assessment year, less amounts paid by the person claiming the exemption or his or her spouse or domestic partner during the assessment year for:

(a) Drugs supplied by prescription of a medical practitioner authorized by the laws of this state or another jurisdiction to issue prescriptions;

(b) The treatment or care of either person received in the home or in a nursing home, boarding home, or adult family home; and

(c) Health care insurance premiums for medicare under Title XVIII of the social security act.

(5) "Disposable income" means adjusted gross income as defined in the federal internal revenue code, as amended prior to January 1, 1989, or such subsequent date as the director may provide by rule consistent with the purpose of this section, plus all of the following items to the extent they are not included in or have been deducted from adjusted gross income:

(a) Capital gains, other than gain excluded from income under section 121 of the federal internal revenue code to the extent it is reinvested in a new principal residence;

(b) Amounts deducted for loss;

(c) Amounts deducted for depreciation;

(d) Pension and annuity receipts;

(e) Military pay and benefits other than attendant-care and medical-aid payments;

(f) Veterans benefits other than attendant-care and medical-aid payments;

(g) Federal social security act and railroad retirement benefits;

(h) Dividend receipts; and

(i) Interest received on state and municipal bonds.

(6) "Cotenant" means a person who resides with the person claiming the exemption and who has an ownership interest in the residence.

(7) "Disability" has the same meaning as provided in 42 U.S.C. Sec. 423(d)(1)(A) as amended prior to January 1, 2004, or such subsequent date as the director may provide by rule consistent with the purpose of this section.

Sec. 710. RCW 84.37.080 and 2007 sp.s. c 2 s 8 are each amended to read as follows:

Special assessments or real property tax obligations, or both, deferred under this chapter shall become payable together with interest as provided in RCW 84.37.070:

(1) Upon the sale of property which has a deferred special assessment lien or real property tax lien, or both, upon it;

(2) Upon the death of the claimant with an outstanding deferred special assessment lien or real property tax lien, or both, except a surviving spouse or surviving domestic partner who is qualified under this chapter may elect to incur the special assessment lien or real property tax lien, or both, which shall then be payable by that spouse or that domestic partner as provided in this section;

(3) Upon the condemnation of property with a deferred special assessment lien or real property tax lien, or both, upon it by a public or private body exercising eminent domain power, except as otherwise provided in RCW 84.60.070; or

(4) At such time as the claimant ceases to reside permanently in the residence upon which the deferral has been granted.

PART VIII - GUARDIANSHIP AND POWER OF ATTORNEY

Sec. 801. RCW 7.36.020 and 1977 ex.s. c 80 s 8 are each amended to read as follows:

Writs of habeas corpus shall be granted in favor of parents, guardians, limited guardians where appropriate, spouses or domestic partners, and next of

kin, and to enforce the rights, and for the protection of infants and incompetent or disabled persons within the meaning of RCW 11.88.010; and the proceedings shall in all cases conform to the provisions of this chapter.

Sec. 802. RCW 11.88.010 and 2005 c 236 s 3 are each amended to read as follows:

(1) The superior court of each county shall have power to appoint guardians for the persons and/or estates of incapacitated persons, and guardians for the estates of nonresidents of the state who have property in the county needing care and attention.

(a) For purposes of this chapter, a person may be deemed incapacitated as to person when the superior court determines the individual has a significant risk of personal harm based upon a demonstrated inability to adequately provide for nutrition, health, housing, or physical safety.

(b) For purposes of this chapter, a person may be deemed incapacitated as to the person's estate when the superior court determines the individual is at significant risk of financial harm based upon a demonstrated inability to adequately manage property or financial affairs.

(c) A determination of incapacity is a legal not a medical decision, based upon a demonstration of management insufficiencies over time in the area of person or estate. Age, eccentricity, poverty, or medical diagnosis alone shall not be sufficient to justify a finding of incapacity.

(d) A person may also be determined incapacitated if he or she is under the age of majority as defined in RCW 26.28.010.

(e) For purposes of giving informed consent for health care pursuant to RCW 7.70.050 and 7.70.065, an "incompetent" person is any person who is (i) incompetent by reason of mental illness, developmental disability, senility, habitual drunkenness, excessive use of drugs, or other mental incapacity, of either managing his or her property or caring for himself or herself, or both, or (ii) incapacitated as defined in (a), (b), or (d) of this subsection.

(f) For purposes of the terms "incompetent," "disabled," or "not legally competent," as those terms are used in the Revised Code of Washington to apply to persons incapacitated under this chapter, those terms shall be interpreted to mean "incapacitated" persons for purposes of this chapter.

(2) The superior court for each county shall have power to appoint limited guardians for the persons and estates, or either thereof, of incapacitated persons, who by reason of their incapacity have need for protection and assistance, but who are capable of managing some of their personal and financial affairs. After considering all evidence presented as a result of such investigation, the court shall impose, by order, only such specific limitations and restrictions on an incapacitated person to be placed under a limited guardianship as the court finds necessary for such person's protection and assistance. A person shall not be presumed to be incapacitated nor shall a person lose any legal rights or suffer any legal disabilities as the result of being placed under a limited guardianship, except as to those rights and disabilities specifically set forth in the court order establishing such a limited guardianship. In addition, the court order shall state the period of time for which it shall be applicable.

(3) Venue for petitions for guardianship or limited guardianship shall lie in the county wherein the alleged incapacitated person is domiciled, or if such person resides in a facility supported in whole or in part by local, state, or federal

funding sources, in either the county where the facility is located, the county of domicile prior to residence in the supported facility, or the county where a parent or spouse or domestic partner of the alleged incapacitated person is domiciled.

If the alleged incapacitated person's residency has changed within one year of the filing of the petition, any interested person may move for a change of venue for any proceedings seeking the appointment of a guardian or a limited guardian under this chapter to the county of the alleged incapacitated person's last place of residence of one year or more. The motion shall be granted when it appears to the court that such venue would be in the best interests of the alleged incapacitated person and would promote more complete consideration of all relevant matters.

(4) Under RCW 11.94.010, a principal may nominate, by a durable power of attorney, the guardian or limited guardian of his or her estate or person for consideration by the court if guardianship proceedings for the principal's person or estate are thereafter commenced. The court shall make its appointment in accordance with the principal's most recent nomination in a durable power of attorney except for good cause or disqualification.

(5) Imposition of a guardianship for an incapacitated person shall not result in the loss of the right to vote unless the court determines that the person is incompetent for purposes of rationally exercising the franchise in that the individual lacks the capacity to understand the nature and effect of voting such that she or he cannot make an individual choice. The court order establishing guardianship shall specify whether or not the individual retains voting rights. When a court determines that the person is incompetent for the purpose of rationally exercising the right to vote, the court shall notify the appropriate county auditor.

Sec. 803. RCW 11.88.040 and 1995 c 297 s 2 are each amended to read as follows:

Before appointing a guardian or a limited guardian, notice of a hearing, to be held not less than ten days after service thereof, shall be served personally upon the alleged incapacitated person, if over fourteen years of age, and served upon the guardian ad litem.

Before appointing a guardian or a limited guardian, notice of a hearing, to be held not less than ten days after service thereof, shall be given by registered or certified mail to the last known address requesting a return receipt signed by the addressee or an agent appointed by the addressee, or by personal service in the manner provided for services of summons, to the following:

(1) The alleged incapacitated person, or minor, if under fourteen years of age;

(2) A parent, if the alleged incapacitated person is a minor, all known children not residing with a notified person, and the spouse or domestic partner of the alleged incapacitated person if any;

(3) Any other person who has been appointed as guardian or limited guardian, or the person with whom the alleged incapacitated person resides. No notice need be given to those persons named in subsections (2) and (3) of this section if they have signed the petition for the appointment of the guardian or limited guardian or have waived notice of the hearing.

(4) If the petition is by a parent asking for appointment as guardian or limited guardian of a minor child under the age of fourteen years, or if the

petition is accompanied by the written consent of a minor of the age of fourteen years or upward, who consents to the appointment of the guardian or limited guardian asked for, or if the petition is by a nonresident guardian of any minor or incapacitated person, then the court may appoint the guardian without notice of the hearing. The court for good cause may reduce the number of days of notice, but in every case, at least three days notice shall be given.

The alleged incapacitated person shall be present in court at the final hearing on the petition: PROVIDED, That this requirement may be waived at the discretion of the court for good cause other than mere inconvenience shown in the report to be provided by the guardian ad litem pursuant to RCW 11.88.090 as now or hereafter amended, or if no guardian ad litem is required to be appointed pursuant to RCW 11.88.090, as now or hereafter amended, at the discretion of the court for good cause shown by a party. Alternatively, the court may remove itself to the place of residence of the alleged incapacitated person and conduct the final hearing in the presence of the alleged incapacitated person. Final hearings on the petition may be held in closed court without admittance of any person other than those necessary to the action or proceeding.

If presence of the alleged incapacitated person is waived and the court does not remove itself to the place of residence of such person, the guardian ad litem shall appear in person at the final hearing on the petition.

Sec. 804. RCW 11.88.090 and 2000 c 124 s 1 are each amended to read as follows:

(1) Nothing contained in RCW 11.88.080 through 11.88.120, 11.92.010 through 11.92.040, 11.92.060 through 11.92.120, 11.92.170, and 11.92.180 shall affect or impair the power of any court to appoint a guardian ad litem to defend the interests of any incapacitated person interested in any suit or matter pending therein, or to commence and prosecute any suit in his or her behalf.

(2) Prior to the appointment of a guardian or a limited guardian, whenever it appears that the incapacitated person or incapacitated person's estate could benefit from mediation and such mediation would likely result in overall reduced costs to the estate, upon the motion of the alleged incapacitated person or the guardian ad litem, or subsequent to such appointment, whenever it appears that the incapacitated person or incapacitated person's estate could benefit from mediation and such mediation would likely result in overall reduced costs to the estate, upon the motion of any interested person, the court may:

(a) Require any party or other person subject to the jurisdiction of the court to participate in mediation;

(b) Establish the terms of the mediation; and

(c) Allocate the cost of the mediation pursuant to RCW 11.96.140.

(3) Upon receipt of a petition for appointment of guardian or limited guardian, except as provided herein, the court shall appoint a guardian ad litem to represent the best interests of the alleged incapacitated person, who shall be a person found or known by the court to:

(a) Be free of influence from anyone interested in the result of the proceeding; and

(b) Have the requisite knowledge, training, or expertise to perform the duties required by this section.

The guardian ad litem shall within five days of receipt of notice of appointment file with the court and serve, either personally or by certified mail

with return receipt, each party with a statement including: His or her training relating to the duties as a guardian ad litem; his or her criminal history as defined in RCW 9.94A.030 for the period covering ten years prior to the appointment; his or her hourly rate, if compensated; whether the guardian ad litem has had any contact with a party to the proceeding prior to his or her appointment; and whether he or she has an apparent conflict of interest. Within three days of the later of the actual service or filing of the guardian ad litem's statement, any party may set a hearing and file and serve a motion for an order to show cause why the guardian ad litem should not be removed for one of the following three reasons: (i) Lack of expertise necessary for the proceeding; (ii) an hourly rate higher than what is reasonable for the particular proceeding; or (iii) a conflict of interest. Notice of the hearing shall be provided to the guardian ad litem and all parties. If, after a hearing, the court enters an order replacing the guardian ad litem, findings shall be included, expressly stating the reasons for the removal. If the guardian ad litem is not removed, the court has the authority to assess to the moving party, attorneys' fees and costs related to the motion. The court shall assess attorneys' fees and costs for frivolous motions.

No guardian ad litem need be appointed when a parent is petitioning for a guardian or a limited guardian to be appointed for his or her minor child and the minority of the child, as defined by RCW 11.92.010, is the sole basis of the petition. The order appointing the guardian ad litem shall recite the duties set forth in subsection (5) of this section. The appointment of a guardian ad litem shall have no effect on the legal competency of the alleged incapacitated person and shall not overcome the presumption of competency or full legal and civil rights of the alleged incapacitated person.

(4)(a) The superior court of each county shall develop and maintain a registry of persons who are willing and qualified to serve as guardians ad litem in guardianship matters. The court shall choose as guardian ad litem a person whose name appears on the registry in a system of consistent rotation, except in extraordinary circumstances such as the need for particular expertise. The court shall develop procedures for periodic review of the persons on the registry and for probation, suspension, or removal of persons on the registry for failure to perform properly their duties as guardian ad litem. In the event the court does not select the person next on the list, it shall include in the order of appointment a written reason for its decision.

(b) To be eligible for the registry a person shall:

(i) Present a written statement outlining his or her background and qualifications. The background statement shall include, but is not limited to, the following information:

(A) Level of formal education;

(B) Training related to the guardian ad litem's duties;

(C) Number of years' experience as a guardian ad litem;

(D) Number of appointments as a guardian ad litem and the county or counties of appointment;

(E) Criminal history, as defined in RCW 9.94A.030; and

(F) Evidence of the person's knowledge, training, and experience in each of the following: Needs of impaired elderly people, physical disabilities, mental illness, developmental disabilities, and other areas relevant to the needs of

incapacitated persons, legal procedure, and the requirements of chapters 11.88 and 11.92 RCW.

The written statement of qualifications shall include the names of any counties in which the person was removed from a guardian ad litem registry pursuant to a grievance action, and the name of the court and the cause number of any case in which the court has removed the person for cause; and

(ii) Complete the training as described in (e) of this subsection. The training is not applicable to guardians ad litem appointed pursuant to special proceeding Rule 98.16W.

(c) Superior court shall remove any person from the guardian ad litem registry who misrepresents his or her qualifications pursuant to a grievance procedure established by the court.

(d) The background and qualification information shall be updated annually.

(e) The department of social and health services shall convene an advisory group to develop a model guardian ad litem training program and shall update the program biennially. The advisory group shall consist of representatives from consumer, advocacy, and professional groups knowledgeable in developmental disabilities, neurological impairment, physical disabilities, mental illness, domestic violence, aging, legal, court administration, the Washington state bar association, and other interested parties.

(f) The superior court shall require utilization of the model program developed by the advisory group as described in (e) of this subsection, to assure that candidates applying for registration as a qualified guardian ad litem shall have satisfactorily completed training to attain these essential minimum qualifications to act as guardian ad litem.

(5) The guardian ad litem appointed pursuant to this section shall have the following duties:

(a) To meet and consult with the alleged incapacitated person as soon as practicable following appointment and explain, in language which such person can reasonably be expected to understand, the substance of the petition, the nature of the resultant proceedings, the person's right to contest the petition, the identification of the proposed guardian or limited guardian, the right to a jury trial on the issue of his or her alleged incapacity, the right to independent legal counsel as provided by RCW 11.88.045, and the right to be present in court at the hearing on the petition;

(b) To obtain a written report according to RCW 11.88.045; and such other written or oral reports from other qualified professionals as are necessary to permit the guardian ad litem to complete the report required by this section;

(c) To meet with the person whose appointment is sought as guardian or limited guardian and ascertain:

(i) The proposed guardian's knowledge of the duties, requirements, and limitations of a guardian; and

(ii) The steps the proposed guardian intends to take or has taken to identify and meet the needs of the alleged incapacitated person;

(d) To consult as necessary to complete the investigation and report required by this section with those known relatives, friends, or other persons the guardian ad litem determines have had a significant, continuing interest in the welfare of the alleged incapacitated person;

(e) To investigate alternate arrangements made, or which might be created, by or on behalf of the alleged incapacitated person, such as revocable or irrevocable trusts, durable powers of attorney, or blocked accounts; whether good cause exists for any such arrangements to be discontinued; and why such arrangements should not be continued or created in lieu of a guardianship;

(f) To provide the court with a written report which shall include the following:

(i) A description of the nature, cause, and degree of incapacity, and the basis upon which this judgment was made;

(ii) A description of the needs of the incapacitated person for care and treatment, the probable residential requirements of the alleged incapacitated person and the basis upon which these findings were made;

(iii) An evaluation of the appropriateness of the guardian or limited guardian whose appointment is sought and a description of the steps the proposed guardian has taken or intends to take to identify and meet current and emerging needs of the incapacitated person;

(iv) A description of any alternative arrangements previously made by the alleged incapacitated person or which could be made, and whether and to what extent such alternatives should be used in lieu of a guardianship, and if the guardian ad litem is recommending discontinuation of any such arrangements, specific findings as to why such arrangements are contrary to the best interest of the alleged incapacitated person;

(v) A description of the abilities of the alleged incapacitated person and a recommendation as to whether a guardian or limited guardian should be appointed. If appointment of a limited guardian is recommended, the guardian ad litem shall recommend the specific areas of authority the limited guardian should have and the limitations and disabilities to be placed on the incapacitated person;

(vi) An evaluation of the person's mental ability to rationally exercise the right to vote and the basis upon which the evaluation is made;

(vii) Any expression of approval or disapproval made by the alleged incapacitated person concerning the proposed guardian or limited guardian or guardianship or limited guardianship;

(viii) Identification of persons with significant interest in the welfare of the alleged incapacitated person who should be advised of their right to request special notice of proceedings pursuant to RCW 11.92.150; and

(ix) Unless independent counsel has appeared for the alleged incapacitated person, an explanation of how the alleged incapacitated person responded to the advice of the right to jury trial, to independent counsel and to be present at the hearing on the petition.

Within forty-five days after notice of commencement of the guardianship proceeding has been served upon the guardian ad litem, and at least fifteen days before the hearing on the petition, unless an extension or reduction of time has been granted by the court for good cause, the guardian ad litem shall file its report and send a copy to the alleged incapacitated person and his or her counsel, spouse or domestic partner, all children not residing with a notified person, those persons described in (f)(viii) of this subsection, and persons who have filed a request for special notice pursuant to RCW 11.92.150. If the guardian ad litem needs additional time to finalize his or her report, then the guardian ad litem

shall petition the court for a postponement of the hearing or, with the consent of all other parties, an extension or reduction of time for filing the report. If the hearing does not occur within sixty days of filing the petition, then upon the two-month anniversary of filing the petition and on or before the same day of each following month until the hearing, the guardian ad litem shall file interim reports summarizing his or her activities on the proceeding during that time period as well as fees and costs incurred;

(g) To advise the court of the need for appointment of counsel for the alleged incapacitated person within five court days after the meeting described in (a) of this subsection unless (i) counsel has appeared, (ii) the alleged incapacitated person affirmatively communicated a wish not to be represented by counsel after being advised of the right to representation and of the conditions under which court-provided counsel may be available, or (iii) the alleged incapacitated person was unable to communicate at all on the subject, and the guardian ad litem is satisfied that the alleged incapacitated person does not affirmatively desire to be represented by counsel.

(6) If the petition is brought by an interested person or entity requesting the appointment of some other qualified person or entity and a prospective guardian or limited guardian cannot be found, the court shall order the guardian ad litem to investigate the availability of a possible guardian or limited guardian and to include the findings in a report to the court pursuant to subsection (5)(f) of this section.

(7) The parties to the proceeding may file responses to the guardian ad litem report with the court and deliver such responses to the other parties and the guardian ad litem at any time up to the second day prior to the hearing. If a guardian ad litem fails to file his or her report in a timely manner, the hearing shall be continued to give the court and the parties at least fifteen days before the hearing to review the report. At any time during the proceeding upon motion of any party or on the court's own motion, the court may remove the guardian ad litem for failure to perform his or her duties as specified in this chapter, provided that the guardian ad litem shall have five days' notice of any motion to remove before the court enters such order. In addition, the court in its discretion may reduce a guardian ad litem's fee for failure to carry out his or her duties.

(8) The court appointed guardian ad litem shall have the authority, in the event that the alleged incapacitated person is in need of emergency life-saving medical services, and is unable to consent to such medical services due to incapacity pending the hearing on the petition to give consent for such emergency life-saving medical services on behalf of the alleged incapacitated person.

(9) The court-appointed guardian ad litem shall have the authority to move for temporary relief under chapter 7.40 RCW to protect the alleged incapacitated person from abuse, neglect, abandonment, or exploitation, as those terms are defined in RCW 74.34.020, or to address any other emergency needs of the alleged incapacitated person. Any alternative arrangement executed before filing the petition for guardianship shall remain effective unless the court grants the relief requested under chapter 7.40 RCW, or unless, following notice and a hearing at which all parties directly affected by the arrangement are present, the court finds that the alternative arrangement should not remain effective.

(10) The guardian ad litem shall receive a fee determined by the court. The fee shall be charged to the alleged incapacitated person unless the court finds that such payment would result in substantial hardship upon such person, in which case the county shall be responsible for such costs: PROVIDED, That the court may charge such fee to the petitioner, the alleged incapacitated person, or any person who has appeared in the action; or may allocate the fee, as it deems just. If the petition is found to be frivolous or not brought in good faith, the guardian ad litem fee shall be charged to the petitioner. The court shall not be required to provide for the payment of a fee to any salaried employee of a public agency.

(11) Upon the presentation of the guardian ad litem report and the entry of an order either dismissing the petition for appointment of guardian or limited guardian or appointing a guardian or limited guardian, the guardian ad litem shall be dismissed and shall have no further duties or obligations unless otherwise ordered by the court. If the court orders the guardian ad litem to perform further duties or obligations, they shall not be performed at county expense.

(12) The guardian ad litem shall appear in person at all hearings on the petition unless all parties provide a written waiver of the requirement to appear.

(13) At any hearing the court may consider whether any person who makes decisions regarding the alleged incapacitated person or estate has breached a statutory or fiduciary duty.

Sec. 805. RCW 11.88.125 and 1991 c 289 s 8 are each amended to read as follows:

(1) The person appointed by the court as either guardian or limited guardian of the person and/or estate of an incapacitated person, shall file in writing with the court, a notice designating a standby limited guardian or guardian to serve as limited guardian or guardian at the death or legal incapacity of the court-appointed guardian or limited guardian. The notice shall state the name, address, zip code, and telephone number of the designated standby or limited guardian. Notice of the guardian's designation of the standby guardian shall be given to the standby guardian, the incapacitated person and his or her spouse or domestic partner and adult children, any facility in which the incapacitated person resides, and any person entitled to special notice under RCW 11.92.150 or any person entitled to receive pleadings pursuant to RCW 11.88.095(2)(g). Such standby guardian or limited guardian shall have all the powers, duties, and obligations of the regularly appointed guardian or limited guardian and in addition shall, within a period of thirty days from the death or adjudication of incapacity of the regularly appointed guardian or limited guardian, file with the superior court in the county in which the guardianship or limited guardianship is then being administered, a petition for appointment of a substitute guardian or limited guardian. Upon the court's appointment of a new, substitute guardian or limited guardian, the standby guardian or limited guardian shall make an accounting and report to be approved by the court, and upon approval of the court, the standby guardian or limited guardian shall be released from all duties and obligations arising from or out of the guardianship or limited guardianship.

(2) Letters of guardianship shall be issued to the standby guardian or limited guardian upon filing an oath and posting a bond as required by RCW 11.88.100 as now or hereafter amended. The oath may be filed prior to the appointed

guardian or limited guardian's death. Notice of such appointment shall be provided to the standby guardian, the incapacitated person, and any facility in which the incapacitated person resides. The provisions of RCW 11.88.100 through 11.88.110 as now or hereafter amended shall apply to standby guardians and limited guardians.

(3) In addition to the powers of a standby limited guardian or guardian as noted in subsection (1) of this section, the standby limited guardian or guardian shall have the authority to provide timely, informed consent to necessary medical procedures, as authorized in RCW 11.92.040 as now or hereafter amended, if the guardian or limited guardian cannot be located within four hours after the need for such consent arises.

Sec. 806. RCW 11.76.080 and 1997 c 252 s 71 are each amended to read as follows:

If there be any alleged incapacitated person as defined in RCW 11.88.010 interested in the estate who has no legally appointed guardian or limited guardian, the court:

(1) At any stage of the proceeding in its discretion and for such purpose or purposes as it shall indicate, may appoint; and

(2) For hearings held under RCW 11.54.010, 11.68.041, 11.68.100, and 11.76.050 or for entry of an order adjudicating testacy or intestacy and heirship when no personal representative is appointed to administer the estate of the decedent, shall appoint some disinterested person as guardian ad litem to represent the allegedly incapacitated person with reference to any petition, proceeding report, or adjudication of testacy or intestacy without the appointment of a personal representative to administer the estate of decedent in which the alleged incapacitated person may have an interest, who, on behalf of the alleged incapacitated person, may contest the same as any other person interested might contest it, and who shall be allowed by the court reasonable compensation for his or her services: PROVIDED, HOWEVER, That where a surviving spouse or surviving domestic partner is the sole beneficiary under the terms of a will, the court may grant a motion by the personal representative to waive the appointment of a guardian ad litem for a person who is the minor child of the surviving spouse or surviving domestic partner and the decedent and who is incapacitated solely for the reason of his or her being under eighteen years of age.

Sec. 807. RCW 11.92.140 and 1999 c 42 s 616 are each amended to read as follows:

The court, upon the petition of a guardian of the estate of an incapacitated person other than the guardian of a minor, and after such notice as the court directs and other notice to all persons interested as required by chapter 11.96A RCW, may authorize the guardian to take any action, or to apply funds not required for the incapacitated person's own maintenance and support, in any fashion the court approves as being in keeping with the incapacitated person's wishes so far as they can be ascertained and as designed to minimize insofar as possible current or prospective state or federal income and estate taxes, permit entitlement under otherwise available federal or state medical or other assistance programs, and to provide for gifts to such charities, relatives, and friends as would be likely recipients of donations from the incapacitated person.

The action or application of funds may include but shall not be limited to the making of gifts, to the conveyance or release of the incapacitated person's contingent and expectant interests in property including marital or domestic partnership property rights and any right of survivorship incident to joint tenancy or tenancy by the entirety, to the exercise or release of the incapacitated person's powers as donee of a power of appointment, the making of contracts, the creation of revocable or irrevocable trusts of property of the incapacitated person's estate which may extend beyond the incapacitated person's disability or life, the establishment of custodianships for the benefit of a minor under chapter 11.114 RCW, the Washington uniform transfers to minors act, the exercise of options of the incapacitated person to purchase securities or other property, the exercise of the incapacitated person's right to elect options and to change beneficiaries under insurance and annuity policies and the surrendering of policies for their cash value, the exercise of the incapacitated person's right to any elective share in the estate of the incapacitated person's deceased spouse or deceased domestic partner, and the renunciation or disclaimer of any interest acquired by testate or intestate succession or by inter vivos transfer.

The guardian in the petition shall briefly outline the action or application of funds for which approval is sought, the results expected to be accomplished thereby and the savings expected to accrue. The proposed action or application of funds may include gifts of the incapacitated person's personal or real property. Gifts may be for the benefit of prospective legatees, devisees, or heirs apparent of the incapacitated person, or may be made to individuals or charities in which the incapacitated person is believed to have an interest. Gifts may or may not, in the discretion of the court, be treated as advancements to donees who would otherwise inherit property from the incapacitated person under the incapacitated person's will or under the laws of descent and distribution. The guardian shall also indicate in the petition that any planned disposition is consistent with the intentions of the incapacitated person insofar as the intentions can be ascertained, and if the incapacitated person's intentions cannot be ascertained, the incapacitated person will be presumed to favor reduction in the incidence of the various forms of taxation and the partial distribution of the incapacitated person's estate as provided in this section. The guardian shall not, however, be required to include as a beneficiary any person whom there is reason to believe would be excluded by the incapacitated person. No guardian may be required to file a petition as provided in this section, and a failure or refusal to so petition the court does not constitute a breach of the guardian's fiduciary duties.

Sec. 808. RCW 11.94.090 and 2001 c 203 s 3 are each amended to read as follows:

(1) A person designated in RCW 11.94.100 may file a petition requesting that the court:

(a) Determine whether the power of attorney is in effect or has terminated;

(b) Compel the attorney-in-fact to submit the attorney-in-fact's accounts or report the attorney-in-fact's acts as attorney-in-fact to the principal, the spouse or domestic partner of the principal, the guardian of the person or the estate of the principal, or to any other person required by the court in its discretion, if the attorney-in-fact has failed to submit an accounting or report within sixty days after written request from the person filing the petition, however, a government agency charged with the protection of vulnerable adults may file a petition upon

the attorney-in-fact's refusal or failure to submit an accounting upon written request and shall not be required to wait sixty days;

(c) Ratify past acts or approve proposed acts of the attorney-in-fact;

(d) Order the attorney-in-fact to exercise or refrain from exercising authority in a power of attorney in a particular manner or for a particular purpose;

(e) Modify the authority of an attorney-in-fact under a power of attorney;

(f) Remove the attorney-in-fact on a determination by the court of both of the following:

(i) The attorney-in-fact has violated or is unfit to perform the fiduciary duties under the power of attorney; and

(ii) The removal of the attorney-in-fact is in the best interest of the principal;

(g) Approve the resignation of the attorney-in-fact and approve the final accountings of the resigning attorney-in-fact if submitted, subject to any orders the court determines are necessary to protect the principal's interests;

(h) Confirm the authority of a successor attorney-in-fact to act under a power of attorney upon removal or resignation of the previous attorney-in-fact;

(i) Compel a third person to honor the authority of an attorney-in-fact, provided that a third person may not be compelled to honor the agent's authority if the principal could not compel the third person to act in the same circumstances;

(j) Order the attorney-in-fact to furnish a bond in an amount the court determines to be appropriate.

(2) The petition shall contain a statement identifying the principal's known immediate family members, and any other persons known to petitioner to be interested in the principal's welfare or the principal's estate, stating which of said persons have an interest in the action requested in the petition and explaining the determination of who is interested in the petition.

Sec. 809. RCW 11.94.100 and 2001 c 203 s 4 are each amended to read as follows:

(1) A petition may be filed under RCW 11.94.090 by any of the following persons:

(a) The attorney-in-fact;

(b) The principal;

(c) The spouse or domestic partner of the principal;

(d) The guardian of the estate or person of the principal; or

(e) Any other interested person, as long as the person demonstrates to the court's satisfaction that the person is interested in the welfare of the principal and has a good faith belief that the court's intervention is necessary, and that the principal is incapacitated at the time of filing the petition or otherwise unable to protect his or her own interests.

(2) Notwithstanding RCW 11.94.080, the principal may specify in the power of attorney by name certain persons who shall have no authority to bring a petition under RCW 11.94.090 with respect to the power of attorney. This provision is enforceable:

(a) If the person so named is not at the time of filing the petition the guardian of the principal;

(b) If at the time of signing the power of attorney the principal was represented by an attorney who advised the principal regarding the power of

attorney and who signed a certificate at the time of execution of the power of attorney, stating that the attorney has advised the principal concerning his or her rights, the applicable law, and the effect and consequences of executing the power of attorney; or

(c) If (a) and (b) of this subsection do not apply, unless the person so named can establish that the principal was unduly influenced by another or under mistaken beliefs when excluding the person from the petition process, or unless the person named is a government agency charged with protection of vulnerable adults.

Sec. 810. RCW 11.94.140 and 2001 c 203 s 8 are each amended to read as follows:

(1) The following persons are entitled to notice of hearing on any petition under RCW 11.94.090:

- (a) The principal;
- (b) The principal's spouse or domestic partner;
- (c) The attorney-in-fact;
- (d) The guardian of the estate or person of the principal;

(e) Any other person identified in the petition as being interested in the action requested in the petition, or identified by the court as having a right to notice of the hearing. If a person would be excluded from bringing a petition under RCW 11.94.100(2), then that person is not entitled to notice of the hearing.

(2) Notwithstanding subsection (1) of this section, if the whereabouts of the principal are unknown or the principal is otherwise unavailable to receive notice, the court may waive the requirement of notice to the principal, and if the principal's spouse is similarly unavailable to receive notice, the court may waive the requirement of notice to the principal's spouse.

(3) Notice must be given as required under chapter 11.96A RCW, except that the parties entitled to notice shall be determined under this section.

PART IX - PROBATE AND TRUST LAW

Sec. 901. RCW 11.02.005 and 2007 c 475 s 1 are each amended to read as follows:

When used in this title, unless otherwise required from the context:

(1) "Personal representative" includes executor, administrator, special administrator, and guardian or limited guardian and special representative.

(2) "Net estate" refers to the real and personal property of a decedent exclusive of homestead rights, exempt property, the family allowance and enforceable claims against, and debts of, the deceased or the estate.

(3) "Representation" refers to a method of determining distribution in which the takers are in unequal degrees of kinship with respect to a decedent, and is accomplished as follows: After first determining who, of those entitled to share in the estate, are in the nearest degree of kinship, the estate is divided into equal shares, the number of shares being the sum of the number of persons who survive the decedent who are in the nearest degree of kinship and the number of persons in the same degree of kinship who died before the decedent but who left issue surviving the decedent; each share of a deceased person in the nearest degree shall be divided among those of the deceased person's issue who survive

the decedent and have no ancestor then living who is in the line of relationship between them and the decedent, those more remote in degree taking together the share which their ancestor would have taken had he or she survived the decedent.

(4) "Issue" means all the lineal descendants of an individual. An adopted individual is a lineal descendant of each of his or her adoptive parents and of all individuals with regard to which each adoptive parent is a lineal descendant. A child conceived prior to the death of a parent but born after the death of the deceased parent is considered to be the surviving issue of the deceased parent for purposes of this title.

(5) "Degree of kinship" means the degree of kinship as computed according to the rules of the civil law; that is, by counting upward from the intestate to the nearest common ancestor and then downward to the relative, the degree of kinship being the sum of these two counts.

(6) "Heirs" denotes those persons, including the surviving spouse or surviving domestic partner, who are entitled under the statutes of intestate succession to the real and personal property of a decedent on the decedent's death intestate.

(7) "Real estate" includes, except as otherwise specifically provided herein, all lands, tenements, and hereditaments, and all rights thereto, and all interest therein possessed and claimed in fee simple, or for the life of a third person.

(8) "Will" means an instrument validly executed as required by RCW 11.12.020.

(9) "Codicil" means a will that modifies or partially revokes an existing earlier will. A codicil need not refer to or be attached to the earlier will.

(10) "Guardian" or "limited guardian" means a personal representative of the person or estate of an incompetent or disabled person as defined in RCW 11.88.010 and the term may be used in lieu of "personal representative" wherever required by context.

(11) "Administrator" means a personal representative of the estate of a decedent and the term may be used in lieu of "personal representative" wherever required by context.

(12) "Executor" means a personal representative of the estate of a decedent appointed by will and the term may be used in lieu of "personal representative" wherever required by context.

(13) "Special administrator" means a personal representative of the estate of a decedent appointed for limited purposes and the term may be used in lieu of "personal representative" wherever required by context.

(14) "Trustee" means an original, added, or successor trustee and includes the state, or any agency thereof, when it is acting as the trustee of a trust to which chapter 11.98 RCW applies.

(15) "Nonprobate asset" means those rights and interests of a person having beneficial ownership of an asset that pass on the person's death under a written instrument or arrangement other than the person's will. "Nonprobate asset" includes, but is not limited to, a right or interest passing under a joint tenancy with right of survivorship, joint bank account with right of survivorship, payable on death or trust bank account, transfer on death security or security account, deed or conveyance if possession has been postponed until the death of the person, trust of which the person is grantor and that becomes effective or

irrevocable only upon the person's death, community property agreement, individual retirement account or bond, or note or other contract the payment or performance of which is affected by the death of the person. "Nonprobate asset" does not include: A payable-on-death provision of a life insurance policy, annuity, or other similar contract, or of an employee benefit plan; a right or interest passing by descent and distribution under chapter 11.04 RCW; a right or interest if, before death, the person has irrevocably transferred the right or interest, the person has waived the power to transfer it or, in the case of contractual arrangement, the person has waived the unilateral right to rescind or modify the arrangement; or a right or interest held by the person solely in a fiduciary capacity. For the definition of "nonprobate asset" relating to revocation of a provision for a former spouse upon dissolution of marriage or declaration of invalidity of marriage, RCW 11.07.010(5) applies. For the definition of "nonprobate asset" relating to revocation of a provision for a former spouse upon dissolution of marriage or declaration of invalidity of marriage, see RCW 11.07.010(5). For the definition of "nonprobate asset" relating to testamentary disposition of nonprobate assets, see RCW 11.11.010(7).

(16) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended or renumbered as of January 1, 2001.

(17) References to "section 2033A" of the Internal Revenue Code in wills, trust agreements, powers of appointment, beneficiary designations, and other instruments governed by or subject to this title shall be deemed to refer to the comparable or corresponding provisions of section 2057 of the Internal Revenue Code, as added by section 6006(b) of the Internal Revenue Service Restructuring Act of 1998 (H.R. 2676, P.L. 105-206); and references to the section 2033A "exclusion" shall be deemed to mean the section 2057 deduction.

(18) "Surviving spouse" or "surviving domestic partner" does not include an individual whose marriage to or state registered domestic partnership with the decedent has been terminated, dissolved, or invalidated unless, by virtue of a subsequent marriage or state registered domestic partnership, he or she is married to or in a domestic partnership with the decedent at the time of death. A decree of separation that does not terminate the status of (~~husband and wife~~) spouses or domestic partners is not a dissolution or invalidation for purposes of this subsection.

Words that import the singular number may also be applied to the plural of persons and things.

Words importing the masculine gender only may be extended to females also.

Sec. 902. RCW 11.02.070 and 1998 c 292 s 504 are each amended to read as follows:

Except as provided in RCW 41.04.273 and 11.84.025, upon the death of a decedent, a one-half share of the community property shall be confirmed to the surviving spouse or surviving domestic partner, and the other one-half share shall be subject to testamentary disposition by the decedent, or shall descend as provided in chapter 11.04 RCW. The whole of the community property shall be subject to probate administration for all purposes of this title, including the payment of obligations and debts of the community, the award in lieu of homestead, the allowance for family support, and any other matter for which the community property would be responsible or liable if the decedent were living.

Sec. 903. RCW 11.02.100 and 1990 c 180 s 7 are each amended to read as follows:

Shares of record in the name of a (~~married person~~) spouse or domestic partner may be transferred by such person, such person's agent or attorney, without the signature of such person's spouse or domestic partner. All dividends payable upon any shares of a corporation standing in the name of a (~~married person~~) spouse or domestic partner, shall be paid to such (~~married person~~) spouse or domestic partner, such person's agent or attorney, in the same manner as if such person were unmarried or not in a state registered domestic partnership, and it shall not be necessary for the other spouse or domestic partner to join in a receipt therefor; and any proxy or power given by a (~~married person~~) spouse or domestic partner, touching any shares of any corporation standing in such person's name, shall be valid and binding without the signature of the other spouse or other domestic partner.

Sec. 904. RCW 11.02.120 and 1990 c 180 s 9 are each amended to read as follows:

Neither a domestic or foreign corporation or its registrar or transfer agent shall be liable for transferring or causing to be transferred on the books of the corporation to or pursuant to the direction of the surviving spouse (~~of a deceased husband or wife~~) or the surviving domestic partner any share or shares or other securities theretofore issued by the corporation to the deceased or surviving spouse or both (~~of them~~), or to the deceased or surviving domestic partner or both, if the corporation or its registrar or transfer agent shall be provided with the following:

(1) A copy of an agreement which shall have been entered into between the spouses or between the domestic partners pursuant to RCW 26.16.120 and certified by the auditor of the county in this state in whose office the same shall have been recorded;

(2) A certified copy of the death certificate of the deceased spouse or deceased domestic partner;

(3) An affidavit of the surviving spouse or surviving domestic partner that:

(a) The shares or other securities constituted community property of the spouses or the domestic partners at date of death of the deceased spouse or deceased domestic partner and their disposition is controlled by the community property agreement;

(b) No proceedings have been instituted to contest or set aside or cancel the agreement; and that

(c) The claims of creditors have been paid or provided for.

Sec. 905. RCW 11.04.095 and 1965 c 145 s 11.04.095 are each amended to read as follows:

If a person dies leaving a surviving spouse or surviving domestic partner and issue by a former spouse or former domestic partner and leaving a will whereby all or substantially all of the deceased's property passes to the surviving spouse or surviving domestic partner or having before death conveyed all or substantially all his or her property to the surviving spouse or surviving domestic partner, and afterwards the latter dies without heirs and without disposing of his or her property by will so that except for this section the same would all escheat, the issue of the spouse or domestic partner first deceased who survive the spouse

or domestic partner last deceased shall take and inherit from the spouse or domestic partner last deceased the property so acquired by will or conveyance or the equivalent thereof in money or other property; if such issue are all in the same degree of kinship to the spouse or domestic partner first deceased they shall take equally, or, if of unequal degree, then those of more remote degree shall take by representation with respect to such spouse or such domestic partner first deceased.

Sec. 906. RCW 11.07.010 and 2007 c 475 s 2 and 2007 c 156 s 13 are each reenacted and amended to read as follows:

(1) This section applies to all nonprobate assets, wherever situated, held at the time of entry of a decree of dissolution of marriage or state registered domestic partnership or a declaration of invalidity or certification of termination of a state registered domestic partnership.

(2)(a) If a marriage or state registered domestic partnership is dissolved or invalidated, or a state registered domestic partnership terminated, a provision made prior to that event that relates to the payment or transfer at death of the decedent's interest in a nonprobate asset in favor of or granting an interest or power to the decedent's former spouse or state registered domestic partner, is revoked. A provision affected by this section must be interpreted, and the nonprobate asset affected passes, as if the former spouse or former state registered domestic partner, failed to survive the decedent, having died at the time of entry of the decree of dissolution or declaration of invalidity or termination of state registered domestic partnership.

(b) This subsection does not apply if and to the extent that:

(i) The instrument governing disposition of the nonprobate asset expressly provides otherwise;

(ii) The decree of dissolution, declaration of invalidity, or other court order requires that the decedent maintain a nonprobate asset for the benefit of a former spouse or former state registered domestic partner or children of the marriage or domestic partnership, payable on the decedent's death either outright or in trust, and other nonprobate assets of the decedent fulfilling such a requirement for the benefit of the former spouse or former state registered domestic partner or children of the marriage or domestic partnership do not exist at the decedent's death;

(iii) A court order requires that the decedent maintain a nonprobate asset for the benefit of another, payable on the decedent's death either outright or in a trust, and other nonprobate assets of the decedent fulfilling such a requirement do not exist at the decedent's death; or

(iv) If not for this subsection, the decedent could not have effected the revocation by unilateral action because of the terms of the decree, declaration, termination of state registered domestic partnership, or for any other reason, immediately after the entry of the decree of dissolution, declaration of invalidity, or termination of state registered domestic partnership.

(3)(a) A payor or other third party in possession or control of a nonprobate asset at the time of the decedent's death is not liable for making a payment or transferring an interest in a nonprobate asset to a decedent's former spouse or state registered domestic partner, whose interest in the nonprobate asset is revoked under this section, or for taking another action in reliance on the validity of the instrument governing disposition of the nonprobate asset, before the payor

or other third party has actual knowledge of the dissolution or other invalidation of marriage or termination of the state registered domestic partnership. A payor or other third party is liable for a payment or transfer made or other action taken after the payor or other third party has actual knowledge of a revocation under this section.

(b) This section does not require a payor or other third party to pay or transfer a nonprobate asset to a beneficiary designated in a governing instrument affected by the dissolution or other invalidation of marriage or termination of state registered domestic partnership, or to another person claiming an interest in the nonprobate asset, if the payor or third party has actual knowledge of the existence of a dispute between the former spouse or former state registered domestic partner, and the beneficiaries or other persons concerning rights of ownership of the nonprobate asset as a result of the application of this section among the former spouse or former state registered domestic partner, and the beneficiaries or among other persons, or if the payor or third party is otherwise uncertain as to who is entitled to the nonprobate asset under this section. In such a case, the payor or third party may, without liability, notify in writing all beneficiaries or other persons claiming an interest in the nonprobate asset of either the existence of the dispute or its uncertainty as to who is entitled to payment or transfer of the nonprobate asset. The payor or third party may also, without liability, refuse to pay or transfer a nonprobate asset in such a circumstance to a beneficiary or other person claiming an interest until the time that either:

(i) All beneficiaries and other interested persons claiming an interest have consented in writing to the payment or transfer; or

(ii) The payment or transfer is authorized or directed by a court of proper jurisdiction.

(c) Notwithstanding subsections (1) and (2) of this section and (a) and (b) of this subsection, a payor or other third party having actual knowledge of the existence of a dispute between beneficiaries or other persons concerning rights to a nonprobate asset as a result of the application of this section may condition the payment or transfer of the nonprobate asset on execution, in a form and with security acceptable to the payor or other third party, of a bond in an amount that is double the fair market value of the nonprobate asset at the time of the decedent's death or the amount of an adverse claim, whichever is the lesser, or of a similar instrument to provide security to the payor or other third party, indemnifying the payor or other third party for any liability, loss, damage, costs, and expenses for and on account of payment or transfer of the nonprobate asset.

(d) As used in this subsection, "actual knowledge" means, for a payor or other third party in possession or control of the nonprobate asset at or following the decedent's death, written notice to the payor or other third party, or to an officer of a payor or third party in the course of his or her employment, received after the decedent's death and within a time that is sufficient to afford the payor or third party a reasonable opportunity to act upon the knowledge. The notice must identify the nonprobate asset with reasonable specificity. The notice also must be sufficient to inform the payor or other third party of the revocation of the provisions in favor of the decedent's spouse or state registered domestic partner, by reason of the dissolution or invalidation of marriage or termination of state registered domestic partnership, or to inform the payor or third party of a dispute

concerning rights to a nonprobate asset as a result of the application of this section. Receipt of the notice for a period of more than thirty days is presumed to be received within a time that is sufficient to afford the payor or third party a reasonable opportunity to act upon the knowledge, but receipt of the notice for a period of less than five business days is presumed not to be a sufficient time for these purposes. These presumptions may be rebutted only by clear and convincing evidence to the contrary.

(4)(a) A person who purchases a nonprobate asset from a former spouse, former state registered domestic partner, or other person, for value and without actual knowledge, or who receives from a former spouse, former state registered domestic partner, or other person payment or transfer of a nonprobate asset without actual knowledge and in partial or full satisfaction of a legally enforceable obligation, is neither obligated under this section to return the payment, property, or benefit nor is liable under this section for the amount of the payment or the value of the nonprobate asset. However, a former spouse, former state registered domestic partner, or other person who, with actual knowledge, not for value, or not in satisfaction of a legally enforceable obligation, receives payment or transfer of a nonprobate asset to which that person is not entitled under this section is obligated to return the payment or nonprobate asset, or is personally liable for the amount of the payment or value of the nonprobate asset, to the person who is entitled to it under this section.

(b) As used in this subsection, "actual knowledge" means, for a person described in (a) of this subsection who purchases or receives a nonprobate asset from a former spouse, former state registered domestic partner, or other person, personal knowledge or possession of documents relating to the revocation upon dissolution or invalidation of marriage of provisions relating to the payment or transfer at the decedent's death of the nonprobate asset, received within a time after the decedent's death and before the purchase or receipt that is sufficient to afford the person purchasing or receiving the nonprobate asset reasonable opportunity to act upon the knowledge. Receipt of the personal knowledge or possession of the documents for a period of more than thirty days is presumed to be received within a time that is sufficient to afford the payor or third party a reasonable opportunity to act upon the knowledge, but receipt of the notice for a period of less than five business days is presumed not to be a sufficient time for these purposes. These presumptions may be rebutted only by clear and convincing evidence to the contrary.

(5) As used in this section, "nonprobate asset" means those rights and interests of a person having beneficial ownership of an asset that pass on the person's death under only the following written instruments or arrangements other than the decedent's will:

(a) A payable-on-death provision of a life insurance policy, employee benefit plan, annuity or similar contract, or individual retirement account, unless provided otherwise by controlling federal law;

(b) A payable-on-death, trust, or joint with right of survivorship bank account;

(c) A trust of which the person is a grantor and that becomes effective or irrevocable only upon the person's death;

(d) Transfer on death beneficiary designations of a transfer on death or pay on death security, or joint tenancy or joint tenancy with right of survivorship

designations of a security, if such designations are authorized under Washington law;

(e) A transfer on death, pay on death, joint tenancy, or joint tenancy with right of survivorship brokerage account;

(f) Unless otherwise specifically provided therein, a contract wherein payment or performance under that contract is affected by the death of the person; or

(g) Unless otherwise specifically provided therein, any other written instrument of transfer, within the meaning of RCW 11.02.091(3), containing a provision for the nonprobate transfer of an asset at death.

For the general definition in this title of "nonprobate asset," see RCW 11.02.005(15) and for the definition of "nonprobate asset" relating to testamentary disposition of nonprobate assets, see RCW 11.11.010(7). For the purposes of this chapter, a "bank account" includes an account into or from which cash deposits and withdrawals can be made, and includes demand deposit accounts, time deposit accounts, money market accounts, or certificates of deposit, maintained at a bank, savings and loan association, credit union, brokerage house, or similar financial institution.

(6) This section is remedial in nature and applies as of July 25, 1993, to decrees of dissolution and declarations of invalidity entered after July 24, 1993, and this section applies as of January 1, 1995, to decrees of dissolution and declarations of invalidity entered before July 25, 1993.

Sec. 907. RCW 11.08.300 and 1990 c 225 s 3 are each amended to read as follows:

Escheat property may be transferred to the department of revenue under the provisions of RCW 11.62.005 through 11.62.020. The department of revenue shall furnish proof of death and an affidavit made by the department which meets the requirements of RCW 11.62.010 to any person who is indebted to or has possession of any personal property belonging to the decedent or to the decedent and his or her surviving spouse or surviving domestic partner as a community, which debt or personal property is an asset which is subject to probate. Upon receipt of such proof of death and affidavit, the person shall pay the indebtedness or deliver the personal property, or as much of either as is claimed, to the department of revenue pursuant to RCW 11.62.010.

The department of revenue shall file a copy of its affidavit made pursuant to chapter 11.62 RCW with the clerk of the court where any probate administration of the decedent has been commenced, or, if no probate administration has been commenced, then with the clerk of the court of any county provided by law as a place for probate administration of the estate of such person. The affidavit shall be indexed under the name of the decedent in the probate index upon payment of a fee of two dollars. Any claimant to escheated funds shall have seven years from the filing of the affidavit by the department of revenue within which to file the claim. The claim shall be filed with the clerk of the court where the affidavit of the department of revenue was filed, and a copy served upon the department of revenue, together with twenty days notice of a hearing to be held thereon, and the provisions of RCW 11.08.250 through 11.08.280 shall apply.

Sec. 908. RCW 11.10.010 and 1994 c 221 s 5 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, property of a decedent abates, without preference as between real and personal property, in the following order:

- (a) Intestate property;
- (b) Residuary gifts;
- (c) General gifts;
- (d) Specific gifts.

For purposes of abatement a demonstrative gift, defined as a general gift charged on any specific property or fund, is deemed a specific gift to the extent of the value of the property or fund on which it is charged, and a general gift to the extent of a failure or insufficiency of that property or fund. Abatement within each classification is in proportion to the amounts of property each of the beneficiaries would have received if full distribution of the property had been made in accordance with the terms of the will.

(2) If the will expresses an order of abatement, or if the testamentary plan or the express or implied purpose of the devise would be defeated by the order of abatement stated in subsection (1) of this section, a gift abates as may be found necessary to give effect to the intention of the testator.

(3) If the subject of a preferred gift is sold, diminished, or exhausted incident to administration, not including satisfaction of debts or liabilities according to their community or separate status under RCW 11.10.030, abatement must be achieved by appropriate adjustments in, or contribution from, other interests in the remaining assets.

(4) To the extent that the whole of the community property is subject to abatement, the shares of the decedent and of the surviving spouse or surviving domestic partner in the community property abate equally.

(5) If required under RCW 11.10.040, nonprobate assets must abate with those disposed of under the will and passing by intestacy.

Sec. 909. RCW 11.11.010 and 1998 c 292 s 104 are each amended to read as follows:

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

(1)(a) "Actual knowledge" means:

(i) For a financial institution, whether acting as personal representative or otherwise, or other third party in possession or control of a nonprobate asset, receipt of written notice that: (A) Complies with RCW 11.11.050; (B) pertains to the testamentary disposition or ownership of a nonprobate asset in its possession or control; and (C) is received by the financial institution or third party after the death of the owner in a time sufficient to afford the financial institution or third party a reasonable opportunity to act upon the knowledge; and

(ii) For a personal representative that is not a financial institution, personal knowledge or possession of documents relating to the testamentary disposition or ownership of a nonprobate asset of the owner sufficient to afford the personal representative reasonable opportunity to act upon the knowledge, including reasonable opportunity for the personal representative to provide the written notice under RCW 11.11.050.

(b) For the purposes of (a) of this subsection, notice of more than thirty days is presumed to be notice that is sufficient to afford the party a reasonable

opportunity to act upon the knowledge, but notice of less than five business days is presumed not to be a sufficient notice for these purposes. These presumptions may be rebutted only by clear and convincing evidence to the contrary.

(2) "Beneficiary" means the person designated to receive a nonprobate asset upon the death of the owner by means other than the owner's will.

(3) "Broker" means a person defined as a broker or dealer under the federal securities laws.

(4) "Date of will" means, as to any nonprobate asset, the date of signature of the will or codicil that refers to the asset and disposes of it.

(5) "Designate" means a written means by which the owner selects a beneficiary, including but not limited to instruments under contractual arrangements and registration of accounts, and "designation" means the selection.

(6) "Financial institution" means: A bank, trust company, mutual savings bank, savings and loan association, credit union, broker, or issuer of stock or its transfer agent.

(7)(a) "Nonprobate asset" means a nonprobate asset within the meaning of RCW 11.02.005, but excluding the following:

(i) A right or interest in real property passing under a joint tenancy with right of survivorship;

(ii) A deed or conveyance for which possession has been postponed until the death of the owner;

(iii) A right or interest passing under a community property agreement; and

(iv) An individual retirement account or bond.

(b) For the definition of "nonprobate asset" relating to revocation of a provision for a former spouse or former domestic partner upon dissolution of marriage or state registered domestic partnership or declaration of invalidity of marriage or state registered domestic partnership, see RCW 11.07.010(5).

(8) "Owner" means a person who, during life, has beneficial ownership of the nonprobate asset.

(9) "Request" means a request by the beneficiary for transfer of a nonprobate asset after the death of the owner, if it complies with all conditions of the arrangement, including reasonable special requirements concerning necessary signatures and regulations of the financial institution or other third party, or by the personal representative of the owner's estate or the testamentary beneficiary, if it complies with the owner's will and any additional conditions of the financial institution or third party for such transfer.

(10) "Testamentary beneficiary" means a person named under the owner's will to receive a nonprobate asset under this chapter, including but not limited to the trustee of a testamentary trust.

(11) "Third party" means a person, including a financial institution, having possession of or control over a nonprobate asset at the death of the owner, including the trustee of a revocable living trust and surviving joint tenant or tenants.

Sec. 910. RCW 11.12.051 and 1994 c 221 s 11 are each amended to read as follows:

(1) If, after making a will, the testator's marriage or domestic partnership is dissolved ~~((or))~~, invalidated, or terminated, all provisions in the will in favor of or granting any interest or power to the testator's former spouse or former

domestic partner are revoked, unless the will expressly provides otherwise. Provisions affected by this section must be interpreted, and property affected passes, as if the former spouse or former domestic partner failed to survive the testator, having died at the time of entry of the decree of dissolution or declaration of invalidity. Provisions revoked by this section are revived by the testator's remarriage to the former spouse or reregistration of the domestic partnership with the former domestic partner. Revocation of certain nonprobate transfers is provided under RCW 11.07.010.

(2) This section is remedial in nature and applies to decrees of dissolution and declarations of invalidity entered before, on, or after January 1, 1995.

Sec. 911. RCW 11.12.095 and 1994 c 221 s 10 are each amended to read as follows:

(1) If a will fails to name or provide for a spouse or domestic partner of the decedent whom the decedent marries or enters into a domestic partnership after the will's execution and who survives the decedent, referred to in this section as an "omitted spouse" or "omitted domestic partner," the spouse or domestic partner must receive a portion of the decedent's estate as provided in subsection (3) of this section, unless it appears either from the will or from other clear and convincing evidence that the failure was intentional.

(2) In determining whether an omitted spouse or omitted domestic partner has been named or provided for, the following rules apply:

(a) A spouse or domestic partner identified in a will by name is considered named whether identified as a spouse or domestic partner or in any other manner.

(b) A reference in a will to the decedent's future spouse or spouses or future domestic partner or partners, or words of similar import, constitutes a naming of a spouse or domestic partner whom the decedent later marries or with whom the decedent enters into a domestic partnership. A reference to another class such as the decedent's heirs or family does not constitute a naming of a spouse or domestic partner who falls within the class.

(c) A nominal interest in an estate does not constitute a provision for a spouse or domestic partner receiving the interest.

(3) The omitted spouse or omitted domestic partner must receive an amount equal in value to that which the spouse or domestic partner would have received under RCW 11.04.015 if the decedent had died intestate, unless the court determines on the basis of clear and convincing evidence that a smaller share, including no share at all, is more in keeping with the decedent's intent. In making the determination the court may consider, among other things, the spouse's or domestic partner's property interests under applicable community property or quasi-community property laws, the various elements of the decedent's dispositive scheme, and a marriage settlement or settlement in a domestic partnership or other provision and provisions for the omitted spouse or omitted domestic partner outside the decedent's will.

(4) In satisfying a share provided by this section, the bequests made by the will abate as provided in chapter 11.10 RCW.

Sec. 912. RCW 11.12.180 and 1994 c 221 s 17 are each amended to read as follows:

The Rule in Shelley's Case is abolished as a rule of law and as a rule of construction. If an applicable statute or a governing instrument calls for a future distribution to or creates a future interest in a designated individual's "heirs," "heirs at law," "next of kin," "relatives," or "family," or language of similar import, the property passes to those persons, including the state under chapter 11.08 RCW, that would succeed to the designated individual's estate under chapter 11.04 RCW. The property must pass to those persons as if the designated individual had died when the distribution or transfer of the future interest was to take effect in possession or enjoyment. For purposes of this section and RCW 11.12.185, the designated individual's surviving spouse or surviving domestic partner is deemed to be an heir, regardless of whether the surviving spouse or surviving domestic partner has remarried or entered into a subsequent domestic partnership.

Sec. 913. RCW 11.28.030 and 1965 c 145 s 11.28.030 are each amended to read as follows:

A surviving spouse or surviving domestic partner shall be entitled to administer upon the community property, notwithstanding any provisions of the will to the contrary, if the court find such spouse or such domestic partner to be otherwise qualified; but if such surviving spouse or surviving domestic partner do not make application for such appointment within forty days immediately following the death of the deceased spouse or deceased domestic partner, he or she shall be considered as having waived his or her right to administer upon such community property. If any person, other than the surviving spouse or surviving domestic partner, make application for letters testamentary on such property, prior to the expiration of such forty days, then the court, before making any such appointment, shall require notice of such application to be given the said surviving spouse or surviving domestic partner, for such time and in such manner as the court may determine, unless such applicant show to the satisfaction of the court that there is no surviving spouse or surviving domestic partner or that he or she has in writing waived the right to administer upon such community property.

Sec. 914. RCW 11.28.131 and 1974 ex.s. c 117 s 44 are each amended to read as follows:

When a petition for general letters of administration or for letters of administration with the will annexed shall be filed, the matter may (~~be~~) be heard forthwith, appointment made and letters of administration issued: PROVIDED, That if there be a surviving spouse or surviving domestic partner and a petition is presented by anyone other than the surviving spouse or surviving domestic partner, or any person designated by the surviving spouse or surviving domestic partner to serve as personal representative on his or her behalf, notice to the surviving spouse or surviving domestic partner shall be given of the time and place of such hearing at least ten days before the hearing, unless the surviving spouse or surviving domestic partner shall waive notice of the hearing in writing filed in the cause.

Sec. 915. RCW 11.28.185 and 1977 ex.s. c 234 s 5 are each amended to read as follows:

When the terms of the decedent's will manifest an intent that the personal representative appointed to administer the estate shall not be required to furnish

bond or other security, or when the personal representative is the surviving spouse or surviving domestic partner of the decedent and it appears to the court that the entire estate, after provision for expenses and claims of creditors, will be distributable to such spouse or surviving domestic partner, then such personal representative shall not be required to give bond or other security as a condition of appointment. In all cases where a bank or trust company authorized to act as personal representative is appointed as personal representative, no bond shall be required. In all other cases, unless waived by the court, the personal representative shall give such bond or other security, in such amount and with such surety or sureties, as the court may direct.

Every person required to furnish bond must, before receiving letters testamentary or of administration, execute a bond to the state of Washington conditioned that the personal representative shall faithfully execute the duty of the trust according to law.

The court may at any time after appointment of the personal representative require said personal representative to give a bond or additional bond, the same to be conditioned and to be approved as provided in this section; or the court may allow a reduction of the bond upon a proper showing.

In lieu of bond, the court may in its discretion, substitute other security or financial arrangements, such as provided under RCW 11.88.105, or as the court may deem adequate to protect the assets of the estate.

Sec. 916. RCW 11.54.010 and 1997 c 252 s 48 are each amended to read as follows:

(1) Subject to RCW 11.54.030, the surviving spouse or surviving domestic partner of a decedent may petition the court for an award from the property of the decedent. If the decedent is survived by children of the decedent who are not also the children of the surviving spouse or surviving domestic partner, on petition of such a child the court may divide the award between the surviving spouse or surviving domestic partner and all or any of such children as it deems appropriate. If there is not a surviving spouse or surviving domestic partner, the minor children of the decedent may petition for an award.

(2) The award may be made from either the community property or separate property of the decedent. Unless otherwise ordered by the court, the probate and nonprobate assets of the decedent abate in accordance with chapter 11.10 RCW in satisfaction of the award.

(3) The award may be made whether or not probate proceedings have been commenced in the state of Washington. The court may not make this award unless the petition for the award is filed before the earliest of:

(a) Eighteen months from the date of the decedent's death if within twelve months of the decedent's death either:

(i) A personal representative has been appointed; or

(ii) A notice agent has filed a declaration and oath as required in RCW 11.42.010(3)(a)(ii); or

(b) The termination of any probate proceeding for the decedent's estate that has been commenced in the state of Washington; or

(c) Six years from the date of the death of the decedent.

Sec. 917. RCW 11.54.020 and 1997 c 252 s 49 are each amended to read as follows:

The amount of the basic award shall be the amount specified in RCW 6.13.030(2) with regard to lands. If an award is divided between a surviving spouse or surviving domestic partner and the decedent's children who are not the children of the surviving spouse or surviving domestic partner, the aggregate amount awarded to all the claimants under this section shall be the amount specified in RCW 6.13.030(2) with respect to lands. The amount of the basic award may be increased or decreased in accordance with RCW 11.54.040 and 11.54.050.

Sec. 918. RCW 11.54.030 and 1997 c 252 s 50 are each amended to read as follows:

(1) The court may not make an award unless the court finds that the funeral expenses, expenses of last sickness, and expenses of administration have been paid or provided for.

(2) The court may not make an award to a surviving spouse or surviving domestic partner or child who has participated, either as a principal or as an accessory before the fact, in the willful and unlawful killing of the decedent.

Sec. 919. RCW 11.54.040 and 1997 c 252 s 51 are each amended to read as follows:

(1) If it is demonstrated to the satisfaction of the court with clear, cogent, and convincing evidence that a claimant's present and reasonably anticipated future needs during the pendency of any probate proceedings in the state of Washington with respect to basic maintenance and support will not otherwise be provided for from other resources, and that the award would not be inconsistent with the decedent's intentions, the amount of the award may be increased in an amount the court determines to be appropriate.

(2) In determining the needs of the claimant, the court shall consider, without limitation, the resources available to the claimant and the claimant's dependents, and the resources reasonably expected to be available to the claimant and the claimant's dependents during the pendency of the probate, including income related to present or future employment and benefits flowing from the decedent's probate and nonprobate estate.

(3) In determining the intentions of the decedent, the court shall consider, without limitation:

(a) Provisions made for the claimant by the decedent under the terms of the decedent's will or otherwise;

(b) Provisions made for third parties or other entities under the decedent's will or otherwise that would be affected by an increased award;

(c) If the claimant is the surviving spouse or surviving domestic partner, the duration and status of the marriage or the state registered domestic partnership of the decedent to the claimant at the time of the decedent's death;

(d) The effect of any award on the availability of any other resources or benefits to the claimant;

(e) The size and nature of the decedent's estate; and

(f) Oral or written statements made by the decedent that are otherwise admissible as evidence.

The fact that the decedent has named beneficiaries other than the claimant as recipients of the decedent's estate is not of itself adequate to evidence such an

intent as would prevent the award of an amount in excess of that provided for in RCW 6.13.030(2) with respect to lands.

(4)(a) A petition for an increased award may only be made if a petition for an award has been granted under RCW 11.54.010. The request for an increased award may be made in conjunction with the petition for an award under RCW 11.54.010.

(b) Subject to (a) of this subsection, a request for an increased award may be made at any time during the pendency of the probate proceedings. A request to modify an increased award may also be made at any time during the pendency of the probate proceedings by a person having an interest in the decedent's estate that will be directly affected by the requested modification.

Sec. 920. RCW 11.54.050 and 1997 c 252 s 52 are each amended to read as follows:

(1) The court may decrease the amount of the award below the amount provided in RCW 11.54.020 in the exercise of its discretion if the recipient is entitled to receive probate or nonprobate property, including insurance, by reason of the death of the decedent. In such a case the award must be decreased by no more than the value of such other property as is received by reason of the death of the decedent. The court shall consider the factors presented in RCW 11.54.040(2) in determining the propriety of the award and the proper amount of the award, if any.

(2) An award to a surviving spouse or surviving domestic partner is also discretionary and the amount otherwise allowable may be reduced if: (a) The decedent is survived by children who are not the children of the surviving spouse or surviving domestic partner and the award would decrease amounts otherwise distributable to such children; or (b) the award would have the effect of reducing amounts otherwise distributable to any of the decedent's minor children. In either case the court shall consider the factors presented in RCW 11.54.040 (2) and (3) and whether the needs of the minor children with respect to basic maintenance and support are and will be adequately provided for, both during and after the pendency of any probate proceedings if such proceedings are pending, considering support from any source, including support from the surviving spouse or surviving domestic partner.

Sec. 921. RCW 11.54.070 and 1998 c 292 s 201 are each amended to read as follows:

(1) Except as provided in RCW 11.54.060(2), property awarded and cash paid under this chapter is immune from all debts, including judgments and judgment liens, of the decedent and of the surviving spouse or surviving domestic partner existing at the time of death.

(2) Both the decedent's and the surviving spouse's or surviving domestic partner's interests in any community property awarded to the spouse or domestic partner under this chapter are immune from the claims of creditors.

Sec. 922. RCW 11.62.005 and 2006 c 360 s 15 are each amended to read as follows:

As used in this chapter, the following terms shall have the meanings indicated.

(1) "Personal property" shall include any tangible personal property, any instrument evidencing a debt, obligation, stock, chose in action, license or ownership, any debt or any other intangible property.

(2)(a) "Successor" and "successors" shall mean (subject to subsection (2)(b) of this section):

(i) That person or those persons who are entitled to the claimed property pursuant to the terms and provisions of the last will and testament of the decedent or by virtue of the laws of intestate succession contained in this title; and/or

(ii) The surviving spouse or surviving domestic partner of the decedent to the extent that the surviving spouse or surviving domestic partner is entitled to the property claimed as his or her undivided one-half interest in the community property of said spouse or said domestic partner and the decedent; and/or

(iii) The department of social and health services, to the extent of funds expended or paid, in the case of claims provided under RCW 43.20B.080; and/or

(iv) This state, in the case of escheat property.

(b) Any person claiming to be a successor solely by reason of being a creditor of the decedent or of the decedent's estate, except for the state as set forth in (a)(iii) and (iv) of this subsection, shall be excluded from the definition of "successor".

(3) "Person" shall mean any individual or organization, specifically including but not limited to a bank, credit union, brokerage firm or stock transfer agent, corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest, or any other legal or commercial entity.

Sec. 923. RCW 11.62.010 and 2006 c 360 s 16 are each amended to read as follows:

(1) At any time after forty days from the date of a decedent's death, any person who is indebted to or who has possession of any personal property belonging to the decedent or to the decedent and his or her surviving spouse or surviving domestic partner as a community, which debt or personal property is an asset which is subject to probate, shall pay such indebtedness or deliver such personal property, or so much of either as is claimed, to a person claiming to be a successor of the decedent upon receipt of proof of death and of an affidavit made by said person which meets the requirements of subsection (2) of this section.

(2) An affidavit which is to be made pursuant to this section shall state:

(a) The claiming successor's name and address, and that the claiming successor is a "successor" as defined in RCW 11.62.005;

(b) That the decedent was a resident of the state of Washington on the date of his or her death;

(c) That the value of the decedent's entire estate subject to probate, not including the surviving spouse's or surviving domestic partner's community property interest in any assets which are subject to probate in the decedent's estate, wherever located, less liens and encumbrances, does not exceed one hundred thousand dollars;

(d) That forty days have elapsed since the death of the decedent;

(e) That no application or petition for the appointment of a personal representative is pending or has been granted in any jurisdiction;

(f) That all debts of the decedent including funeral and burial expenses have been paid or provided for;

(g) A description of the personal property and the portion thereof claimed, together with a statement that such personal property is subject to probate;

(h) That the claiming successor has given written notice, either by personal service or by mail, identifying his or her claim, and describing the property claimed, to all other successors of the decedent, and that at least ten days have elapsed since the service or mailing of such notice; and

(i) That the claiming successor is either personally entitled to full payment or delivery of the property claimed or is entitled to full payment or delivery thereof on the behalf and with the written authority of all other successors who have an interest therein.

(3) A transfer agent of any security shall change the registered ownership of the security claimed from the decedent to the person claiming to be the successor with respect to such security upon the presentation of proof of death and of an affidavit made by such person which meets the requirements of subsection (2) of this section. Any governmental agency required to issue certificates of ownership or of license registration to personal property shall issue a new certificate of ownership or of license registration to a person claiming to be a successor of the decedent upon receipt of proof of death and of an affidavit made by such person which meets the requirements of subsection (2) of this section.

(4) No release from any Washington state or local taxing authority may be required before any assets or debts are paid or delivered to a successor of a decedent as required under this section.

(5) A copy of the affidavit, including the decedent's social security number, shall be mailed to the state of Washington, department of social and health services, office of financial recovery.

Sec. 924. RCW 11.62.030 and 1980 c 41 s 10 are each amended to read as follows:

On the death of any member of any credit union organized under chapter 31.12 RCW or federal law, such credit union may pay to the surviving spouse or surviving domestic partner the moneys of such member on deposit to the credit of said deceased member, including moneys deposited as shares in said credit union, in cases where the amount of deposit does not exceed the sum of one thousand dollars, upon receipt of an affidavit from the surviving spouse or surviving domestic partner to the effect that the member died and no executor or administrator has been appointed for the member's estate, and the member had on deposit in said credit union money not exceeding the sum of one thousand dollars. The payment of such deposit made in good faith to the spouse or the domestic partner making the affidavit shall be a full acquittance and release of the credit union for the amount of the deposit so paid.

No probate proceeding shall be necessary to establish the right of said surviving spouse to withdraw said deposits upon the filing of said affidavit: PROVIDED, That whenever a personal representative is appointed in an estate where a withdrawal of deposits has been had in compliance with this section, the spouse so withdrawing said deposits shall account for the same to the personal representative. The credit union may also pay out the moneys on deposit to the credit of the deceased upon presentation of an affidavit as provided in RCW 11.62.010, as now or hereafter amended.

Sec. 925. RCW 11.68.011 and 1997 c 252 s 59 are each amended to read as follows:

(1) A personal representative may petition the court for nonintervention powers, whether the decedent died testate or intestate.

(2) Unless the decedent has specified in the decedent's will, if any, that the court not grant nonintervention powers to the personal representative, the court shall grant nonintervention powers to a personal representative who petitions for the powers if the court determines that the decedent's estate is solvent, taking into account probate and nonprobate assets, and that:

(a) The petitioning personal representative was named in the decedent's probated will as the personal representative;

(b) The decedent died intestate, the petitioning personal representative is the decedent's surviving spouse or surviving domestic partner, the decedent's estate is composed of community property only, and the decedent had no issue: (i) Who is living or in gestation on the date of the petition; (ii) whose identity is reasonably ascertainable on the date of the petition; and (iii) who is not also the issue of the petitioning spouse or petitioning domestic partner; or

(c) The personal representative was not a creditor of the decedent at the time of the decedent's death and the administration and settlement of the decedent's will or estate with nonintervention powers would be in the best interests of the decedent's beneficiaries and creditors. However, the administration and settlement of the decedent's will or estate with nonintervention powers will be presumed to be in the beneficiaries' and creditors' best interest until a person entitled to notice under RCW 11.68.041 rebuts that presumption by coming forward with evidence that the grant of nonintervention powers would not be in the beneficiaries' or creditors' best interests.

(3) The court may base its findings of facts necessary for the grant of nonintervention powers on: (a) Statements of witnesses appearing before the court; (b) representations contained in a verified petition for nonintervention powers, in an inventory made and returned upon oath into the court, or in an affidavit filed with the court; or (c) other proof submitted to the court.

Sec. 926. RCW 11.80.130 and 1972 ex.s. c 83 s 3 are each amended to read as follows:

(1) If the spouse or domestic partner of any absentee owner, or his or her next of kin, if said absentee has no spouse or domestic partner, shall wish to sell or transfer any property of the absentee which has a gross value of less than five thousand dollars, or shall require the consent of the absentee in any matter regarding the absentee's children, or any other matter in which the gross value of the subject matter is less than five thousand dollars, such spouse or such domestic partner or next of kin may apply to the superior court for an order authorizing said sale, transfer, or consent without opening a full trustee proceeding as provided in this chapter. The applicant may make the application without the assistance of an attorney. Said application shall be made by petition on the following form, which form shall be made readily available to the applicant by the clerk of the superior court.

IN THE SUPERIOR COURT
OF THE STATE OF WASHINGTON IN AND FOR
THE COUNTY OF

..... <i>Plaintiff,</i>	}	No.
vs.		PETITION FOR
..... <i>Defendant.</i>		SUMMARY
.....		RELIEF

Petitioner,, whose residence is, and, Washington, and who is the of the absentee,, states that the absentee has been since, when Petitioner desires to sell/transfer of the value of, because, The terms of the sale/transfer are Petitioner requires the consent of the absentee for the purpose of

.....
Petitioner

(Affidavit of Acknowledgment)

(2) The court may, without notice, enter an order on said petition if it deems the relief requested in said petition necessary to protect the best interests of the absentee or his or her dependents.

(3) Such order shall be prima facie evidence of the validity of the proceedings and the authority of the petitioner to make a conveyance or transfer of the property or to give the absentee's consent in any manner described by subsection (1) of this section.

Sec. 927. RCW 11.96A.030 and 2006 c 360 s 10 are each amended to read as follows:

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

(1) "Matter" includes any issue, question, or dispute involving:

(a) The determination of any class of creditors, devisees, legatees, heirs, next of kin, or other persons interested in an estate, trust, nonprobate asset, or with respect to any other asset or property interest passing at death;

(b) The direction of a personal representative or trustee to do or to abstain from doing any act in a fiduciary capacity;

(c) The determination of any question arising in the administration of an estate or trust, or with respect to any nonprobate asset, or with respect to any other asset or property interest passing at death, that may include, without limitation, questions relating to: (i) The construction of wills, trusts, community property agreements, and other writings; (ii) a change of personal representative or trustee; (iii) a change of the situs of a trust; (iv) an accounting from a personal representative or trustee; or (v) the determination of fees for a personal representative or trustee;

(d) The grant to a personal representative or trustee of any necessary or desirable power not otherwise granted in the governing instrument or given by law;

(e) The amendment, reformation, or conformation of a will or a trust instrument to comply with statutes and regulations of the United States internal revenue service in order to achieve qualification for deductions, elections, and other tax requirements, including the qualification of any gift thereunder for the benefit of a surviving spouse who is not a citizen of the United States for the estate tax marital deduction permitted by federal law, including the addition of mandatory governing instrument requirements for a qualified domestic trust under section 2056A of the internal revenue code, the qualification of any gift thereunder as a qualified conservation easement as permitted by federal law, or the qualification of any gift for the charitable estate tax deduction permitted by federal law, including the addition of mandatory governing instrument requirements for a charitable remainder trust; and

(f) With respect to any nonprobate asset, or with respect to any other asset or property interest passing at death, including joint tenancy property, property subject to a community property agreement, or assets subject to a pay on death or transfer on death designation:

(i) The ascertaining of any class of creditors or others for purposes of chapter 11.18 or 11.42 RCW;

(ii) The ordering of a qualified person, the notice agent, or resident agent, as those terms are defined in chapter 11.42 RCW, or any combination of them, to do or abstain from doing any particular act with respect to a nonprobate asset;

(iii) The ordering of a custodian of any of the decedent's records relating to a nonprobate asset to do or abstain from doing any particular act with respect to those records;

(iv) The determination of any question arising in the administration under chapter 11.18 or 11.42 RCW of a nonprobate asset;

(v) The determination of any questions relating to the abatement, rights of creditors, or other matter relating to the administration, settlement, or final disposition of a nonprobate asset under this title;

(vi) The resolution of any matter referencing this chapter, including a determination of any questions relating to the ownership or distribution of an individual retirement account on the death of the spouse of the account holder as contemplated by RCW 6.15.020(6);

(vii) The resolution of any other matter that could affect the nonprobate asset.

(2) "Notice agent" has the meanings given in RCW 11.42.010.

(3) "Nonprobate assets" has the meaning given in RCW 11.02.005.

(4) "Party" or "parties" means each of the following persons who has an interest in the subject of the particular proceeding and whose name and address are known to, or are reasonably ascertainable by, the petitioner:

(a) The trustor if living;

(b) The trustee;

(c) The personal representative;

(d) An heir;

(e) A beneficiary, including devisees, legatees, and trust beneficiaries;

(f) The surviving spouse or surviving domestic partner of a decedent with respect to his or her interest in the decedent's property;

(g) A guardian ad litem;

(h) A creditor;

(i) Any other person who has an interest in the subject of the particular proceeding;

(j) The attorney general if required under RCW 11.110.120;

(k) Any duly appointed and acting legal representative of a party such as a guardian, special representative, or attorney-in-fact;

(l) Where applicable, the virtual representative of any person described in this subsection the giving of notice to whom would meet notice requirements as provided in RCW 11.96A.120;

(m) Any notice agent, resident agent, or a qualified person, as those terms are defined in chapter 11.42 RCW; and

(n) The owner or the personal representative of the estate of the deceased owner of the nonprobate asset that is the subject of the particular proceeding, if the subject of the particular proceeding relates to the beneficiary's liability to a decedent's estate or creditors under RCW 11.18.200.

(5) "Persons interested in the estate or trust" means the trustor, if living, all persons beneficially interested in the estate or trust, persons holding powers over the trust or estate assets, the attorney general in the case of any charitable trust where the attorney general would be a necessary party to judicial proceedings concerning the trust, and any personal representative or trustee of the estate or trust.

(6) "Principal place of administration of the trust" means the trustee's usual place of business where the day-to-day records pertaining to the trust are kept, or the trustee's residence if the trustee has no such place of business.

(7) The "situs" of a trust means the place where the principal place of administration of the trust is located, unless otherwise provided in the instrument creating the trust.

(8) "Trustee" means any acting and qualified trustee of the trust.

(9) "Representative" and other similar terms refer to a person who virtually represents another under RCW 11.96A.120.

(10) "Citation" or "cite" and other similar terms, when required of a person interested in the estate or trust or a party to a petition, means to give notice as required under RCW 11.96A.100. "Citation" or "cite" and other similar terms, when required of the court, means to order, as authorized under RCW 11.96A.020 and 11.96A.060, and as authorized by law.

Sec. 928. RCW 11.96A.120 and 2001 c 203 s 11 are each amended to read as follows:

(1) This section is intended to adopt the common law concept of virtual representation. This section supplements the common law relating to the doctrine of virtual representation and shall not be construed as limiting the application of that common law doctrine.

(2) Any notice requirement in this title is satisfied if notice is given as follows:

(a) Where an interest in an estate, trust, or nonprobate asset or an interest that may be affected by a power of attorney has been given to persons who comprise a certain class upon the happening of a certain event, notice may be given to the living persons who would constitute the class if the event had happened immediately before the commencement of the proceeding requiring notice, and the persons shall virtually represent all other members of the class;

(b) Where an interest in an estate, trust, or nonprobate asset or an interest that may be affected by a power of attorney has been given to a living person, and the same interest, or a share in it, is to pass to the surviving spouse or surviving domestic partner or to persons who are, or might be, the distributees, heirs, issue, or other kindred of that living person upon the happening of a future event, notice may be given to that living person, and the living person shall virtually represent the surviving spouse or surviving domestic partner, distributees, heirs, issue, or other kindred of the person; and

(c) Except as otherwise provided in this subsection, where an interest in an estate, trust, or nonprobate asset or an interest that may be affected by a power of attorney has been given to a person or a class of persons, or both, upon the happening of any future event, and the same interest or a share of the interest is to pass to another person or class of persons, or both, upon the happening of an additional future event, notice may be given to the living person or persons who would take the interest upon the happening of the first event, and the living person or persons shall virtually represent the persons and classes of persons who might take on the happening of the additional future event.

(3) A party is not virtually represented by a person receiving notice if a conflict of interest involving the matter is known to exist between the notified person and the party.

(4) An action taken by the court is conclusive and binding upon each person receiving actual or constructive notice or who is otherwise virtually represented.

Sec. 929. RCW 11.100.025 and 1985 c 30 s 67 are each amended to read as follows:

Notwithstanding RCW 11.98.070(21)(a), 11.100.060, or any other statutory provisions to the contrary, with respect to trusts which require by their own terms or by operation of law that all income be paid at least annually to the spouse or domestic partner of the trust's creator, which do not provide that on the termination of the income interest that the entire then remaining trust estate be paid to the estate of the spouse or domestic partner of the trust's creator, and for which a federal estate or gift tax marital deduction is claimed, any investment in or retention of unproductive property is subject to a power in the spouse or domestic partner of the trust's creator to require either that any such asset be made productive, or that it be converted to productive assets within a reasonable period of time unless the instrument creating the interest provides otherwise.

Sec. 930. RCW 11.04.290 and 1965 c 145 s 11.04.290 are each amended to read as follows:

RCW 11.04.250 through 11.04.290 shall apply to community real property and also to separate estate; and upon the death of either (~~husband or wife~~) spouse or either domestic partner, title of all community real property shall vest immediately in the person or persons to whom the same shall go, pass, descend or be devised, as provided in RCW 11.04.015, subject to all the charges mentioned in RCW 11.04.250.

Sec. 931. RCW 11.10.030 and 1994 c 221 s 7 are each amended to read as follows:

(1) A community debt or liability is charged against the entire community property, with the surviving spouse's or surviving domestic partner's half and the decedent spouse's or decedent domestic partner's half charged equally.

(2) A separate debt or liability is charged first against separate property, and if that is insufficient against the balance of decedent's half of community property remaining after community debts and liabilities are satisfied.

(3) A community debt or liability that is also the separate debt or liability of the decedent is charged first against the whole of the community property and then against the decedent's separate property.

(4) An expense of administration is charged against the separate property and the decedent's half of the community property in proportion to the relative value of the property, unless a different charging of expenses is shown to be appropriate under the circumstances including against the surviving spouse's or surviving domestic partner's share of the community property.

(5) Property of a similar type, community or separate, is appropriated in accordance with the abatement priorities of RCW 11.10.010.

(6) Property that is primarily chargeable for a debt or liability is exhausted, in accordance with the abatement priorities of RCW 11.10.010, before resort is had, also in accordance with RCW 11.10.010, to property that is secondarily chargeable.

Sec. 932. RCW 11.80.010 and 1972 ex.s. c 83 s 1 are each amended to read as follows:

Whenever it shall be made to appear by petition to any judge of the superior court of any county that there is property in such county, either real or personal, that requires care and attention, or is in such a condition that it is a menace to the public health, safety or welfare, or that the custodian of such property appointed by the owner thereof is either unable or unwilling to continue longer in the care and custody thereof, and that the owner of such property has absented himself or herself from the county and that his or her whereabouts is unknown and cannot with reasonable diligence be ascertained, or that the absentee owner is a person defined in RCW 11.80.120, which petition shall state the name of the absent owner, his or her approximate age, his or her last known place of residence, the circumstances under which he or she left and the place to which he or she was going, if known, his or her business or occupation and his or her physical appearance and habits so far as known, the judge to whom such petition is presented shall set a time for hearing such petition not less than six weeks from the date of filing, and shall by order direct that a notice of such hearing be published for three successive weeks in a legal newspaper published in the county where such petition is filed and in such other counties and states as will in the judgment of the court be most likely to come to the attention of the absentee or of persons who may know his or her whereabouts, which notice shall state the object of the petition and the date of hearing, and set forth such facts and circumstances as in the judgment of the court will aid in identifying the absentee, and shall contain a request that all persons having knowledge concerning the absentee shall advise the court of the facts: PROVIDED, HOWEVER, That the court may, upon the filing of said petition, appoint a temporary trustee, who shall have the powers, duties and qualifications of a special administrator.

If it shall appear at such hearing that the whereabouts of the absentee is unknown, but there is reason to believe that upon further investigation and inquiry he or she may be found, the judge may continue the hearing and order such inquiry and advertisement as will in his or her discretion be liable to

disclose the whereabouts of the absentee, but when it shall appear to the judge at such hearing or any adjournment thereof that the whereabouts of the absentee cannot be ascertained, he or she shall appoint a suitable person resident of the county as trustee of such property, taking into consideration the character of the property and the fitness of such trustee to care for the same, preferring in such appointment the ~~((husband or wife))~~ spouse or the domestic partner of the absentee to his or her presumptive heirs, the presumptive heirs to kin more remote, the kin to strangers, and creditors to those who are not otherwise interested, provided they are fit persons to have the care and custody of the particular property in question and will accept the appointment and qualify as hereinafter provided.

Sec. 933. RCW 11.80.050 and 1965 c 145 s 11.80.050 are each amended to read as follows:

Whenever a petition is filed in said estate from which it appears to the satisfaction of the court that the owner of such property left a ~~((husband or wife))~~ spouse or domestic partner, child or children, dependent upon such absentee for support or upon the property in the estate of such absentee, either in whole or in part, the court shall hold a hearing on said petition, after such notice as the court may direct, and upon such hearing shall enter such order as it deems advisable and may order an allowance to be paid out of any of the property of such estate, either community or separate, as the court shall deem reasonable and necessary for the support and maintenance of such dependent or dependents, pending the return of the absentee, or until such time as the property of said estate may be provisionally distributed to the presumptive heirs or to the devisees and legatees. Such allowance shall be paid by the trustee to such persons and in such manner and at such periods of time as the court may direct. For the purpose of carrying out the provisions of this section the court may direct the sale of any of the property of the estate, either real or personal, in accordance with the provisions of RCW 11.80.040.

Sec. 934. RCW 11.114.010 and 2006 c 204 s 1 are each amended to read as follows:

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

(1) "Adult" means an individual other than the minor who has attained the age of twenty-one years and is older than the minor.

(2) "Benefit plan" means an employer's plan for the benefit of an employee or partner.

(3) "Broker" means a person lawfully engaged in the business of effecting transactions in securities or commodities for the person's own account or for the account of others.

(4) "Guardian" means a person appointed or qualified by a court to act as general, limited, or temporary guardian of a minor's property or a person legally authorized to perform substantially the same functions. Conservator means guardian for transfers made under another state's law but enforceable in this state's courts.

(5) "Court" means a superior court of the state of Washington.

(6) "Custodial property" means (a) any interest in property transferred to a custodian under this chapter and (b) the income from and proceeds of that interest in property.

(7) "Custodian" means a person so designated under RCW 11.114.090 or a successor or substitute custodian designated under RCW 11.114.180.

(8) "Financial institution" means a bank, trust company, savings institution, or credit union, chartered and supervised under state or federal law.

(9) "Legal representative" means an individual's personal representative or guardian.

(10) "Member of the minor's family" means the minor's parent, stepparent, spouse, domestic partner, grandparent, brother, sister, uncle, or aunt, whether of the whole or half blood or by adoption.

(11) "Minor" means an individual who has not attained the age of twenty-five years.

(12) "Person" means an individual, corporation, organization, or other legal entity.

(13) "State" includes any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession subject to the legislative authority of the United States.

(14) "Transfer" means a transaction that creates custodial property under RCW 11.114.090.

(15) "Transferor" means a person who makes a transfer under this chapter.

(16) "Trust company" means a financial institution, corporation, or other legal entity, authorized to exercise general trust powers.

PART X - DISSOLUTION

NEW SECTION. **Sec. 1001.** A new section is added to chapter 26.60 RCW to read as follows:

(1) Notwithstanding this chapter, a domestic partnership may be terminated without filing a petition for dissolution in superior court, provided that all of the following conditions exist at the time of the filing of the notice of termination:

(a) The notice of termination of state registered domestic partnership is signed by both registered domestic partners.

(b) Neither party has children under the age of eighteen, whether born or adopted before or after registration of the domestic partnership, and neither of the registered domestic partners, to their knowledge, is pregnant.

(c) The state registered domestic partnership is not more than five years in duration.

(d) Neither party has any ownership interest in real property wherever situated, and neither party leases a residence, with the exception of the lease of a residence occupied by either party which satisfies the following requirements:

(i) The lease does not include an option to purchase; and

(ii) The lease terminates within one year from the date of filing the notice of termination of state registered domestic partnership.

(e) There are no unpaid obligations in excess of four thousand dollars, as adjusted by subsection (3) of this section, incurred by either or both of the parties after registration of the domestic partnership, excluding the amount of any unpaid obligation with respect to an automobile.

(f) The total fair market value of community property assets, net of any encumbrances, including any deferred compensation or retirement plan, is less than twenty-five thousand dollars, as adjusted by subsection (3) of this section, and neither party has separate property assets, net of any encumbrances, in excess of that amount.

(g) The parties have executed an agreement setting forth the division of assets and the assumption of liabilities of the community property, and have executed any documents, title certificates, bills of sale, or other evidence of transfer necessary to effectuate the agreement.

(h) The parties waive any rights to maintenance by the other domestic partner.

(i) Both parties desire that the domestic partnership be terminated.

(2) The termination of a domestic partnership pursuant to this section does not prejudice nor bar the rights of either of the parties to institute an action in the superior court to set aside the termination for fraud, duress, mistake, or any other ground recognized at law or in equity. A court may set aside the termination of state registered domestic partnership and declare the termination of the domestic partnership null and void upon proof that the parties did not meet the requirements of this section at the time of the filing of the notice of termination of state registered domestic partnership with the secretary of state.

(3) On January 1, 2009, and on each January 1st of each odd-numbered year thereafter, the amounts in subsection (1)(e) and (f) of this section shall be adjusted to reflect any change in the value of the dollar. The adjustments shall be made by multiplying the base amounts by the percentage change in the Washington state consumer price index, with the result rounded to the nearest thousand dollars. The administrative office of the courts shall compute and publish the amounts.

Sec. 1002. RCW 26.60.050 and 2007 c 156 s 6 are each amended to read as follows:

(1)~~((a) A party))~~ Parties to a state registered domestic partnership meeting the conditions in section 1001 of this act may terminate the relationship without filing a petition under chapter 26.09 RCW by filing with the secretary a notice of termination of the state registered domestic partnership ~~((with the secretary))~~ and an affidavit stating the parties meet the conditions in section 1001 of this act and paying the filing fee established pursuant to subsection (5) of this section. ~~((The notice must be signed by one or both parties and notarized. If the notice is not signed by both parties, the party seeking termination must also file with the secretary an affidavit stating either that the other party has been served in writing in the manner prescribed for the service of summons in a civil action, that a notice of termination is being filed or that the party seeking termination has not been able to find the other party after reasonable effort and that notice has been made by publication pursuant to (b) of this subsection.~~

~~(b) When the other party cannot be found after reasonable effort, the party seeking termination may provide notice by publication in a newspaper of general circulation in the county in which the residence most recently shared by the domestic partners is located. Notice must be published at least once.)~~

(2) The state registered domestic partnership shall be terminated effective ninety days after the date of filing the notice of termination and payment of the filing fee.

(3) Upon receipt of a signed, notarized notice of termination, (~~affidavit, if required,~~) and the filing fee, the secretary shall register the notice of termination and provide a certificate of termination of the state registered domestic partnership to each party named on the notice. The secretary shall maintain a record of each notice of termination filed with the secretary and each certificate of termination issued by the secretary. The secretary shall provide the state registrar of vital statistics with records of terminations of state registered domestic partnerships, except for those state registered domestic partnerships terminated under subsection (4) of this section.

(4) A state registered domestic partnership is automatically terminated if, subsequent to the registration of the domestic partnership with the secretary, (~~either or both~~) the parties enter into a marriage to each other that is recognized as valid in this state (~~either with each other or with another person~~).

(5) The secretary shall set by rule and collect a reasonable fee for filing the declaration, calculated to cover the secretary's costs, but not to exceed fifty dollars. Fees collected under this section are expressly designated for deposit in the secretary of state's revolving fund established under RCW 43.07.130.

Sec. 1003. RCW 26.09.004 and 1987 c 460 s 3 are each amended to read as follows:

The definitions in this section apply throughout this chapter.

(1) "Temporary parenting plan" means a plan for parenting of the child pending final resolution of any action for dissolution of marriage or domestic partnership, declaration of invalidity, or legal separation which is incorporated in a temporary order.

(2) "Permanent parenting plan" means a plan for parenting the child, including allocation of parenting functions, which plan is incorporated in any final decree or decree of modification in an action for dissolution of marriage or domestic partnership, declaration of invalidity, or legal separation.

(3) "Parenting functions" means those aspects of the parent-child relationship in which the parent makes decisions and performs functions necessary for the care and growth of the child. Parenting functions include:

(a) Maintaining a loving, stable, consistent, and nurturing relationship with the child;

(b) Attending to the daily needs of the child, such as feeding, clothing, physical care and grooming, supervision, health care, and day care, and engaging in other activities which are appropriate to the developmental level of the child and that are within the social and economic circumstances of the particular family;

(c) Attending to adequate education for the child, including remedial or other education essential to the best interests of the child;

(d) Assisting the child in developing and maintaining appropriate interpersonal relationships;

(e) Exercising appropriate judgment regarding the child's welfare, consistent with the child's developmental level and the family's social and economic circumstances; and

(f) Providing for the financial support of the child.

Sec. 1004. RCW 26.09.010 and 1989 c 375 s 1 are each amended to read as follows:

(1) Except as otherwise specifically provided herein, the practice in civil action shall govern all proceedings under this chapter, except that trial by jury is dispensed with.

(2) A proceeding for dissolution of marriage or domestic partnership, legal separation or a declaration concerning the validity of a marriage or domestic partnership shall be entitled "In re the marriage of and" or "In re the domestic partnership of and" Such proceedings may be filed in the superior court of the county where the petitioner resides.

(3) In cases where there has been no prior proceeding in this state involving the marital or domestic partnership status of the parties or support obligations for a minor child, a separate parenting and support proceeding between the parents shall be entitled "In re the parenting and support of"

(4) The initial pleading in all proceedings under this chapter shall be denominated a petition. A responsive pleading shall be denominated a response. Other pleadings, and all pleadings in other matters under this chapter shall be denominated as provided in the civil rules for superior court.

(5) In this chapter, "decree" includes "judgment".

(6) A decree of dissolution, of legal separation, or a declaration concerning the validity of a marriage or domestic partnership shall not be awarded to one of the parties, but shall provide that it affects the status previously existing between the parties in the manner decreed.

Sec. 1005. RCW 26.09.020 and 2007 c 496 s 203 are each amended to read as follows:

(1) A petition in a proceeding for dissolution of marriage or domestic partnership, legal separation, or for a declaration concerning the validity of a marriage or domestic partnership shall allege:

(a) The last known state of residence of each party, and if a party's last known state of residence is Washington, the last known county of residence;

(b) The date and place of the marriage or, for domestic partnerships, the date of registration, and place of residence when the domestic partnership was registered;

(c) If the parties are separated the date on which the separation occurred;

(d) The names and ages of any child dependent upon either or both spouses or either or both domestic partners and whether the wife or domestic partner is pregnant;

(e) Any arrangements as to the residential schedule of, decision making for, dispute resolution for, and support of the children and the maintenance of a spouse or domestic partner;

(f) A statement specifying whether there is community or separate property owned by the parties to be disposed of;

(g) If the county has established a program under RCW 26.12.260, a statement affirming that the moving party met and conferred with the program prior to filing the petition;

(h) The relief sought.

(2) Either or both parties to the marriage or to the domestic partnership may initiate the proceeding.

(3) The petitioner shall complete and file with the petition a certificate under RCW 43.70.150 on the form provided by the department of health and the confidential information form under RCW 26.23.050.

(4) Nothing in this section shall be construed to limit or prohibit the ability of parties to obtain appropriate emergency orders.

Sec. 1006. RCW 26.09.030 and 2005 c 55 s 1 are each amended to read as follows:

When a party who (1) is a resident of this state, or (2) is a member of the armed forces and is stationed in this state, or (3) is married or in a domestic partnership to a party who is a resident of this state or who is a member of the armed forces and is stationed in this state, petitions for a dissolution of marriage or dissolution of domestic partnership, and alleges that the marriage or domestic partnership is irretrievably broken and when ninety days have elapsed since the petition was filed and from the date when service of summons was made upon the respondent or the first publication of summons was made, the court shall proceed as follows:

(a) If the other party joins in the petition or does not deny that the marriage or domestic partnership is irretrievably broken, the court shall enter a decree of dissolution.

(b) If the other party alleges that the petitioner was induced to file the petition by fraud, or coercion, the court shall make a finding as to that allegation and, if it so finds shall dismiss the petition.

(c) If the other party denies that the marriage or domestic partnership is irretrievably broken the court shall consider all relevant factors, including the circumstances that gave rise to the filing of the petition and the prospects for reconciliation and shall:

(i) Make a finding that the marriage or domestic partnership is irretrievably broken and enter a decree of dissolution of the marriage or domestic partnership; or

(ii) At the request of either party or on its own motion, transfer the cause to the family court, refer them to another counseling service of their choice, and request a report back from the counseling service within sixty days, or continue the matter for not more than sixty days for hearing. If the cause is returned from the family court or at the adjourned hearing, the court shall:

(A) Find that the parties have agreed to reconciliation and dismiss the petition; or

(B) Find that the parties have not been reconciled, and that either party continues to allege that the marriage or domestic partnership is irretrievably broken. When such facts are found, the court shall enter a decree of dissolution of the marriage or domestic partnership.

(d) If the petitioner requests the court to decree legal separation in lieu of dissolution, the court shall enter the decree in that form unless the other party objects and petitions for a decree of dissolution or declaration of invalidity.

(e) In considering a petition for dissolution of marriage or domestic partnership, a court shall not use a party's pregnancy as the sole basis for denying or delaying the entry of a decree of dissolution of marriage or domestic partnership. Granting a decree of dissolution of marriage or domestic partnership when a party is pregnant does not affect further proceedings under the uniform parentage act, chapter 26.26 RCW.

Sec. 1007. RCW 26.09.040 and 1987 c 460 s 4 are each amended to read as follows:

(1) While both parties to an alleged marriage or domestic partnership are living, and at least one party is resident in this state or a member of the armed service and stationed in the state, a petition to have the marriage or domestic partnership declared invalid may be sought by:

(a) Either or both parties, or the guardian of an incompetent spouse or incompetent domestic partner, for any cause specified in subsection (4) of this section; or

(b) Either or both parties, the legal spouse or domestic partner, or a child of either party when it is alleged that ~~((the marriage is bigamous))~~ either or both parties is married to or in a domestic partnership with another person.

(2) If the validity of a marriage or domestic partnership is denied or questioned at any time, either or both parties to the marriage or either or both parties to the domestic partnership may petition the court for a judicial determination of the validity of such marriage or domestic partnership.

(3) In a proceeding to declare the invalidity of a marriage or domestic partnership, the court shall proceed in the manner and shall have the jurisdiction, including the authority to provide for maintenance, a parenting plan for minor children, and division of the property of the parties, provided by this chapter.

(4) After hearing the evidence concerning the validity of a marriage or domestic partnership, if both parties to the alleged marriage or domestic partnership are still living, the court:

(a) If it finds the marriage or domestic partnership to be valid, shall enter a decree of validity;

(b) If it finds that:

(i) The marriage or domestic partnership should not have been contracted because of age of one or both of the parties, lack of required parental or court approval, a prior undissolved marriage of one or both of the parties, a prior domestic partnership of one or both parties that has not been terminated or dissolved, reasons of consanguinity, or because a party lacked capacity to consent to the marriage or domestic partnership, either because of mental incapacity or because of the influence of alcohol or other incapacitating substances, or because a party was induced to enter into the marriage or domestic partnership by force or duress, or by fraud involving the essentials of marriage or domestic partnership, and that the parties have not ratified their marriage or domestic partnership by voluntarily cohabiting after attaining the age of consent, or after attaining capacity to consent, or after cessation of the force or duress or discovery of the fraud, shall declare the marriage or domestic partnership invalid as of the date it was purportedly contracted;

(ii) The marriage or domestic partnership should not have been contracted because of any reason other than those above, shall upon motion of a party, order any action which may be appropriate to complete or to correct the record and enter a decree declaring such marriage or domestic partnership to be valid for all purposes from the date upon which it was purportedly contracted;

(c) If it finds that a marriage or domestic partnership contracted in a jurisdiction other than this state, was void or voidable under the law of the place where the marriage or domestic partnership was contracted, and in the absence of proof that such marriage or domestic partnership was subsequently validated by the laws of the place of contract or of a subsequent domicile of the parties,

shall declare the marriage or domestic partnership invalid as of the date of the marriage or domestic partnership.

(5) Any child of the parties born or conceived during the existence of a marriage or domestic partnership of record is legitimate and remains legitimate notwithstanding the entry of a declaration of invalidity of the marriage or domestic partnership.

Sec. 1008. RCW 26.09.050 and 2000 c 119 s 6 are each amended to read as follows:

(1) In entering a decree of dissolution of marriage or domestic partnership, legal separation, or declaration of invalidity, the court shall determine the marital or domestic partnership status of the parties, make provision for a parenting plan for any minor child of the marriage or domestic partnership, make provision for the support of any child of the marriage or domestic partnership entitled to support, consider or approve provision for the maintenance of either spouse or either domestic partner, make provision for the disposition of property and liabilities of the parties, make provision for the allocation of the children as federal tax exemptions, make provision for any necessary continuing restraining orders including the provisions contained in RCW 9.41.800, make provision for the issuance within this action of the restraint provisions of a domestic violence protection order under chapter 26.50 RCW or an antiharassment protection order under chapter 10.14 RCW, and make provision for the change of name of any party.

(2) Restraining orders issued under this section restraining or enjoining the person from molesting or disturbing another party, or from going onto the grounds of or entering the home, workplace, or school of the other party or the day care or school of any child, or prohibiting the person from knowingly coming within, or knowingly remaining within, a specified distance of a location, shall prominently bear on the front page of the order the legend: VIOLATION OF THIS ORDER WITH ACTUAL NOTICE OF ITS TERMS IS A CRIMINAL OFFENSE UNDER CHAPTER 26.50 RCW AND WILL SUBJECT A VIOLATOR TO ARREST.

(3) The court shall order that any restraining order bearing a criminal offense legend, any domestic violence protection order, or any antiharassment protection order granted under this section, in addition to the law enforcement information sheet or proof of service of the order, be forwarded by the clerk of the court on or before the next judicial day to the appropriate law enforcement agency specified in the order. Upon receipt of the order, the law enforcement agency shall enter the order into any computer-based criminal intelligence information system available in this state used by law enforcement agencies to list outstanding warrants. The order is fully enforceable in any county in the state.

(4) If a restraining order issued pursuant to this section is modified or terminated, the clerk of the court shall notify the law enforcement agency specified in the order on or before the next judicial day. Upon receipt of notice that an order has been terminated, the law enforcement agency shall remove the order from any computer-based criminal intelligence system.

Sec. 1009. RCW 26.09.060 and 2000 c 119 s 7 are each amended to read as follows:

(1) In a proceeding for:

(a) Dissolution of marriage or domestic partnership, legal separation, or a declaration of invalidity; or

(b) Disposition of property or liabilities, maintenance, or support following dissolution of the marriage or the domestic partnership by a court which lacked personal jurisdiction over the absent spouse or absent domestic partner; either party may move for temporary maintenance or for temporary support of children entitled to support. The motion shall be accompanied by an affidavit setting forth the factual basis for the motion and the amounts requested.

(2) As a part of a motion for temporary maintenance or support or by independent motion accompanied by affidavit, either party may request the court to issue a temporary restraining order or preliminary injunction, providing relief proper in the circumstances, and restraining or enjoining any person from:

(a) Transferring, removing, encumbering, concealing, or in any way disposing of any property except in the usual course of business or for the necessities of life, and, if so restrained or enjoined, requiring him or her to notify the moving party of any proposed extraordinary expenditures made after the order is issued;

(b) Molesting or disturbing the peace of the other party or of any child;

(c) Going onto the grounds of or entering the home, workplace, or school of the other party or the day care or school of any child upon a showing of the necessity therefor;

(d) Knowingly coming within, or knowingly remaining within, a specified distance from a specified location; and

(e) Removing a child from the jurisdiction of the court.

(3) Either party may request a domestic violence protection order under chapter 26.50 RCW or an antiharassment protection order under chapter 10.14 RCW on a temporary basis. The court may grant any of the relief provided in RCW 26.50.060 except relief pertaining to residential provisions for the children which provisions shall be provided for under this chapter, and any of the relief provided in RCW 10.14.080. Ex parte orders issued under this subsection shall be effective for a fixed period not to exceed fourteen days, or upon court order, not to exceed twenty-four days if necessary to ensure that all temporary motions in the case can be heard at the same time.

(4) In issuing the order, the court shall consider the provisions of RCW 9.41.800.

(5) The court may issue a temporary restraining order without requiring notice to the other party only if it finds on the basis of the moving affidavit or other evidence that irreparable injury could result if an order is not issued until the time for responding has elapsed.

(6) The court may issue a temporary restraining order or preliminary injunction and an order for temporary maintenance or support in such amounts and on such terms as are just and proper in the circumstances. The court may in its discretion waive the filing of the bond or the posting of security.

(7) Restraining orders issued under this section restraining the person from molesting or disturbing another party, or from going onto the grounds of or entering the home, workplace, or school of the other party or the day care or school of any child, or prohibiting the person from knowingly coming within, or knowingly remaining within, a specified distance of a location, shall

prominently bear on the front page of the order the legend: VIOLATION OF THIS ORDER WITH ACTUAL NOTICE OF ITS TERMS IS A CRIMINAL OFFENSE UNDER CHAPTER 26.50 RCW AND WILL SUBJECT A VIOLATOR TO ARREST.

(8) The court shall order that any temporary restraining order bearing a criminal offense legend, any domestic violence protection order, or any antiharassment protection order granted under this section be forwarded by the clerk of the court on or before the next judicial day to the appropriate law enforcement agency specified in the order. Upon receipt of the order, the law enforcement agency shall enter the order into any computer-based criminal intelligence information system available in this state used by law enforcement agencies to list outstanding warrants. Entry into the computer-based criminal intelligence information system constitutes notice to all law enforcement agencies of the existence of the order. The order is fully enforceable in any county in the state.

(9) If a restraining order issued pursuant to this section is modified or terminated, the clerk of the court shall notify the law enforcement agency specified in the order on or before the next judicial day. Upon receipt of notice that an order has been terminated, the law enforcement agency shall remove the order from any computer-based criminal intelligence system.

(10) A temporary order, temporary restraining order, or preliminary injunction:

(a) Does not prejudice the rights of a party or any child which are to be adjudicated at subsequent hearings in the proceeding;

(b) May be revoked or modified;

(c) Terminates when the final decree is entered, except as provided under subsection (11) of this section, or when the petition for dissolution, legal separation, or declaration of invalidity is dismissed;

(d) May be entered in a proceeding for the modification of an existing decree.

(11) Delinquent support payments accrued under an order for temporary support remain collectible and are not extinguished when a final decree is entered unless the decree contains specific language to the contrary. A support debt under a temporary order owed to the state for public assistance expenditures shall not be extinguished by the final decree if:

(a) The obligor was given notice of the state's interest under chapter 74.20A RCW; or

(b) The temporary order directs the obligor to make support payments to the office of support enforcement or the Washington state support registry.

Sec. 1010. RCW 26.09.070 and 1989 c 375 s 4 are each amended to read as follows:

(1) The parties to a marriage or a domestic partnership, in order to promote the amicable settlement of disputes attendant upon their separation or upon the filing of a petition for dissolution of their marriage or domestic partnership, a decree of legal separation, or declaration of invalidity of their marriage or domestic partnership, may enter into a written separation contract providing for the maintenance of either of them, the disposition of any property owned by both or either of them, the parenting plan and support for their children and for the release of each other from all obligation except that expressed in the contract.

(2) If the parties to such contract elect to live separate and apart without any court decree, they may record such contract and cause notice thereof to be published in a legal newspaper of the county wherein the parties resided prior to their separation. Recording such contract and publishing notice of the making thereof shall constitute notice to all persons of such separation and of the facts contained in the recorded document.

(3) If either or both of the parties to a separation contract shall at the time of the execution thereof, or at a subsequent time, petition the court for dissolution of their marriage or domestic partnership, for a decree of legal separation, or for a declaration of invalidity of their marriage or domestic partnership, the contract, except for those terms providing for a parenting plan for their children, shall be binding upon the court unless it finds, after considering the economic circumstances of the parties and any other relevant evidence produced by the parties on their own motion or on request of the court, that the separation contract was unfair at the time of its execution. Child support may be included in the separation contract and shall be reviewed in the subsequent proceeding for compliance with RCW 26.19.020.

(4) If the court in an action for dissolution of marriage or domestic partnership, legal separation, or declaration of invalidity finds that the separation contract was unfair at the time of its execution, it may make orders for the maintenance of either party, the disposition of their property and the discharge of their obligations.

(5) Unless the separation contract provides to the contrary, the agreement shall be set forth in the decree of dissolution, legal separation, or declaration of invalidity, or filed in the action or made an exhibit and incorporated by reference, except that in all cases the terms of the parenting plan shall be set out in the decree, and the parties shall be ordered to comply with its terms.

(6) Terms of the contract set forth or incorporated by reference in the decree may be enforced by all remedies available for the enforcement of a judgment, including contempt, and are enforceable as contract terms.

(7) When the separation contract so provides, the decree may expressly preclude or limit modification of any provision for maintenance set forth in the decree. Terms of a separation contract pertaining to a parenting plan for the children and, in the absence of express provision to the contrary, terms providing for maintenance set forth or incorporated by reference in the decree are automatically modified by modification of the decree.

(8) If at any time the parties to the separation contract by mutual agreement elect to terminate the separation contract they may do so without formality unless the contract was recorded as in subsection (2) of this section, in which case a statement should be filed terminating the contract.

Sec. 1011. RCW 26.09.080 and 1989 c 375 s 5 are each amended to read as follows:

In a proceeding for dissolution of the marriage or domestic partnership, legal separation, declaration of invalidity, or in a proceeding for disposition of property following dissolution of the marriage or the domestic partnership by a court which lacked personal jurisdiction over the absent spouse or absent domestic partner or lacked jurisdiction to dispose of the property, the court shall, without regard to (~~marital~~) misconduct, make such disposition of the property and the liabilities of the parties, either community or separate, as shall appear

just and equitable after considering all relevant factors including, but not limited to:

- (1) The nature and extent of the community property;
- (2) The nature and extent of the separate property;
- (3) The duration of the marriage or domestic partnership; and
- (4) The economic circumstances of each spouse or domestic partner at the time the division of property is to become effective, including the desirability of awarding the family home or the right to live therein for reasonable periods to a spouse or domestic partner with whom the children reside the majority of the time.

Sec. 1012. RCW 26.09.090 and 1989 c 375 s 6 are each amended to read as follows:

(1) In a proceeding for dissolution of marriage or domestic partnership, legal separation, declaration of invalidity, or in a proceeding for maintenance following dissolution of the marriage or domestic partnership by a court which lacked personal jurisdiction over the absent spouse or absent domestic partner, the court may grant a maintenance order for either spouse or either domestic partner. The maintenance order shall be in such amounts and for such periods of time as the court deems just, without regard to (~~marital~~) misconduct, after considering all relevant factors including but not limited to:

(a) The financial resources of the party seeking maintenance, including separate or community property apportioned to him or her, and his or her ability to meet his or her needs independently, including the extent to which a provision for support of a child living with the party includes a sum for that party;

(b) The time necessary to acquire sufficient education or training to enable the party seeking maintenance to find employment appropriate to his or her skill, interests, style of life, and other attendant circumstances;

(c) The standard of living established during the marriage or domestic partnership;

(d) The duration of the marriage or domestic partnership;

(e) The age, physical and emotional condition, and financial obligations of the spouse or domestic partner seeking maintenance; and

(f) The ability of the spouse or domestic partner from whom maintenance is sought to meet his or her needs and financial obligations while meeting those of the spouse or domestic partner seeking maintenance.

Sec. 1013. RCW 26.09.100 and 1991 sp.s. c 28 s 1 are each amended to read as follows:

(1) In a proceeding for dissolution of marriage or domestic partnership, legal separation, declaration of invalidity, maintenance, or child support, after considering all relevant factors but without regard to (~~marital~~) misconduct, the court shall order either or both parents owing a duty of support to any child of the marriage or the domestic partnership dependent upon either or both spouses or domestic partners to pay an amount determined under chapter 26.19 RCW.

(2) The court may require automatic periodic adjustments or modifications of child support. That portion of any decree that requires periodic adjustments or modifications of child support shall use the provisions in chapter 26.19 RCW as the basis for the adjustment or modification. Provisions in the decree for periodic adjustment or modification shall not conflict with RCW 26.09.170

except that the decree may require periodic adjustments or modifications of support more frequently than the time periods established pursuant to RCW 26.09.170.

(3) Upon motion of a party and without a substantial change of circumstances, the court shall modify the decree to comply with subsection (2) of this section as to installments accruing subsequent to entry of the court's order on the motion for modification.

(4) The adjustment or modification provision may be modified by the court due to economic hardship consistent with the provisions of RCW 26.09.170((4)) (5)(a).

Sec. 1014. RCW 26.09.110 and 1987 c 460 s 11 are each amended to read as follows:

The court may appoint an attorney to represent the interests of a minor or dependent child with respect to provision for the parenting plan in an action for dissolution of marriage or domestic partnership, legal separation, or declaration concerning the validity of a marriage or domestic partnership. The court shall enter an order for costs, fees, and disbursements in favor of the child's attorney. The order shall be made against either or both parents, except that, if both parties are indigent, the costs, fees, and disbursements shall be borne by the county.

Sec. 1015. RCW 26.09.120 and 1994 c 230 s 2 are each amended to read as follows:

(1) The court shall order support payments, including ~~((spouse))~~ maintenance if child support is ordered, to be made to the Washington state support registry, or the person entitled to receive the payments under an order approved by the court as provided in RCW 26.23.050.

(2) Maintenance payments, when ordered in an action where there is no dependent child, may be ordered to be paid to the person entitled to receive the payments, or the clerk of the court as trustee for remittance to the persons entitled to receive the payments.

(3) If support or maintenance payments are made to the clerk of court, the clerk:

(a) Shall maintain records listing the amount of payments, the date when payments are required to be made, and the names and addresses of the parties affected by the order;

(b) May by local court rule accept only certified funds or cash as payment; and

(c) Shall accept only certified funds or cash for five years in all cases after one check has been returned for nonsufficient funds or account closure.

(4) The parties affected by the order shall inform the registry through which the payments are ordered to be paid of any change of address or of other conditions that may affect the administration of the order.

Sec. 1016. RCW 26.09.150 and 1989 1st ex.s. c 9 s 205 and 1989 c 375 s 30 are each reenacted and amended to read as follows:

(1) A decree of dissolution of marriage or domestic partnership, legal separation, or declaration of invalidity is final when entered, subject to the right of appeal. An appeal which does not challenge the finding that the marriage or domestic partnership is irretrievably broken or was invalid, does not delay the

finality of the dissolution or declaration of invalidity and either party may remarry or enter into a domestic partnership pending such an appeal.

(2)(a) No earlier than six months after entry of a decree of legal separation, on motion of either party, the court shall convert the decree of legal separation to a decree of dissolution of marriage or domestic partnership. The clerk of court shall complete the certificate as provided for in RCW 70.58.200 on the form provided by the department of health. On or before the tenth day of each month, the clerk of the court shall forward to the state registrar of vital statistics the certificate of each decree of divorce, dissolution of marriage or domestic partnership, annulment, or separate maintenance granted during the preceding month.

(b) Once a month, the state registrar of vital statistics shall prepare a list of persons for whom a certificate of dissolution of domestic partnership was transmitted to the registrar and was not included in a previous list, and shall supply the list to the secretary of state.

(3) Upon request of a party whose marriage or domestic partnership is dissolved or declared invalid, the court shall order a former name restored or the court may, in its discretion, order a change to another name.

Sec. 1017. RCW 26.09.170 and 2002 c 199 s 1 are each amended to read as follows:

(1) Except as otherwise provided in subsection (7) of RCW 26.09.070, the provisions of any decree respecting maintenance or support may be modified: (a) Only as to installments accruing subsequent to the petition for modification or motion for adjustment except motions to compel court-ordered adjustments, which shall be effective as of the first date specified in the decree for implementing the adjustment; and, (b) except as otherwise provided in subsections (5), (6), (9), and (10) of this section, only upon a showing of a substantial change of circumstances. The provisions as to property disposition may not be revoked or modified, unless the court finds the existence of conditions that justify the reopening of a judgment under the laws of this state.

(2) Unless otherwise agreed in writing or expressly provided in the decree the obligation to pay future maintenance is terminated upon the death of either party or the remarriage of the party receiving maintenance or registration of a new domestic partnership of the party receiving maintenance.

(3) Unless otherwise agreed in writing or expressly provided in the decree, provisions for the support of a child are terminated by emancipation of the child or by the death of the parent obligated to support the child.

(4) Unless expressly provided by an order of the superior court or a court of comparable jurisdiction, the support provisions of the order are terminated upon the marriage or registration of a domestic partnership to each other of parties to a paternity order, or upon remarriage or registration of a domestic partnership to each other of parties to a decree of dissolution. The remaining provisions of the order, including provisions establishing paternity, remain in effect.

(5) An order of child support may be modified one year or more after it has been entered without showing a substantial change of circumstances:

(a) If the order in practice works a severe economic hardship on either party or the child;

(b) If a party requests an adjustment in an order for child support which was based on guidelines which determined the amount of support according to the

child's age, and the child is no longer in the age category on which the current support amount was based;

(c) If a child is still in high school, upon a finding that there is a need to extend support beyond the eighteenth birthday to complete high school; or

(d) To add an automatic adjustment of support provision consistent with RCW 26.09.100.

(6) An order or decree entered prior to June 7, 1984, may be modified without showing a substantial change of circumstances if the requested modification is to:

(a) Require health insurance coverage for a child named therein; or

(b) Modify an existing order for health insurance coverage.

(7) An obligor's voluntary unemployment or voluntary underemployment, by itself, is not a substantial change of circumstances.

(8) The department of social and health services may file an action to modify an order of child support if public assistance money is being paid to or for the benefit of the child and the child support order is twenty-five percent or more below the appropriate child support amount set forth in the standard calculation as defined in RCW 26.19.011 and reasons for the deviation are not set forth in the findings of fact or order. The determination of twenty-five percent or more shall be based on the current income of the parties and the department shall not be required to show a substantial change of circumstances if the reasons for the deviations were not set forth in the findings of fact or order.

(9)(a) All child support decrees may be adjusted once every twenty-four months based upon changes in the income of the parents without a showing of substantially changed circumstances. Either party may initiate the adjustment by filing a motion and child support worksheets.

(b) A party may petition for modification in cases of substantially changed circumstances under subsection (1) of this section at any time. However, if relief is granted under subsection (1) of this section, twenty-four months must pass before a motion for an adjustment under (a) of this subsection may be filed.

(c) If, pursuant to (a) of this subsection or subsection (10) of this section, the court adjusts or modifies a child support obligation by more than thirty percent and the change would cause significant hardship, the court may implement the change in two equal increments, one at the time of the entry of the order and the second six months from the entry of the order. Twenty-four months must pass following the second change before a motion for an adjustment under (a) of this subsection may be filed.

(d) A parent who is receiving transfer payments who receives a wage or salary increase may not bring a modification action pursuant to subsection (1) of this section alleging that increase constitutes a substantial change of circumstances.

(e) The department of social and health services may file an action at any time to modify an order of child support in cases of substantially changed circumstances if public assistance money is being paid to or for the benefit of the child. The determination of the existence of substantially changed circumstances by the department that lead to the filing of an action to modify the order of child support is not binding upon the court.

(10) An order of child support may be adjusted twenty-four months from the date of the entry of the decree or the last adjustment or modification, whichever

is later, based upon changes in the economic table or standards in chapter 26.19 RCW.

Sec. 1018. RCW 26.09.210 and 1987 c 460 s 15 are each amended to read as follows:

The court may interview the child in chambers to ascertain the child's wishes as to the child's residential schedule in a proceeding for dissolution of marriage or domestic partnership, legal separation, or declaration of invalidity. The court may permit counsel to be present at the interview. The court shall cause a record of the interview to be made and to be made part of the record in the case.

The court may seek the advice of professional personnel whether or not they are employed on a regular basis by the court. The advice given shall be in writing and shall be made available by the court to counsel upon request. Counsel may call for cross-examination any professional personnel consulted by the court.

Sec. 1019. RCW 26.09.255 and 1987 c 460 s 22 are each amended to read as follows:

(1) A relative(~~(, as defined in RCW 9A.40.010,))~~) may bring civil action against any other relative if, with intent to deny access to a child by that relative of the child who has a right to physical custody of or visitation with the child or a parent with whom the child resides pursuant to a parenting plan order, the relative takes, entices, or conceals the child from that relative. The plaintiff may be awarded, in addition to any damages awarded by the court, the reasonable expenses incurred by the plaintiff in locating the child, including, but not limited to, investigative services and reasonable attorneys' fees.

(2) "Relative" means an ancestor, descendant, or sibling including a relative of the same degree through marriage, domestic partnership, or adoption, or a spouse or domestic partner.

Sec. 1020. RCW 26.09.280 and 1991 c 367 s 10 are each amended to read as follows:

Every action or proceeding to change, modify, or enforce any final order, judgment, or decree entered in any dissolution or legal separation or declaration concerning the validity of a marriage or domestic partnership, whether under this chapter or prior law, regarding the parenting plan or child support for the minor children of the marriage or the domestic partnership may be brought in the county where the minor children are then residing, or in the court in which the final order, judgment, or decree was entered, or in the county where the parent or other person who has the care, custody, or control of the children is then residing.

Sec. 1021. RCW 26.09.290 and 1973 1st ex.s. c 157 s 29 are each amended to read as follows:

Whenever either of the parties in (~~(a divorce action))~~) an action for dissolution of marriage or domestic partnership is, under the law, entitled to a final judgment, but by mistake, negligence, or inadvertence the same has not been signed, filed, or entered, if no appeal has been taken from the interlocutory order or motion for a new trial made, the court, on the motion of either party thereto or upon its own motion, may cause a final judgment to be signed, dated, filed, and entered therein granting the (~~(divorce))~~) dissolution as of the date when

the same could have been given or made by the court if applied for. The court may cause such final judgment to be signed, dated, filed, and entered nunc pro tunc as aforesaid, even though a final judgment may have been previously entered where by mistake, negligence or inadvertence the same has not been signed, filed, or entered as soon as such final judgment, the parties to such action shall be deemed to have been restored to the status of single persons as of the date affixed to such judgment, and any marriage or any domestic partnership of either of such parties subsequent to six months after the granting of the interlocutory order as shown by the minutes of the court, and after the final judgment could have been entered under the law if applied for, shall be valid for all purposes as of the date affixed to such final judgment, upon the filing thereof.

Sec. 1022. RCW 26.09.310 and 1989 c 377 s 1 are each amended to read as follows:

No health care provider or facility, or their agent, shall be liable for damages in any civil action brought by a parent or guardian based only on a lack of the parent or guardian's consent for medical care of a minor child, if consent to the care has been given by a parent or guardian of the minor. The immunity provided by this section shall apply regardless of whether:

- (1) The parents are married, unmarried, in a domestic partnership or not, or separated at the time of consent or treatment;
- (2) The consenting parent is, or is not, a custodial parent of the minor;
- (3) The giving of consent by a parent is, or is not, full performance of any agreement between the parents, or of any order or decree in any action entered pursuant to chapter 26.09 RCW;
- (4) The action or suit is brought by or on behalf of the nonconsenting parent, the minor child, or any other person.

Sec. 1023. RCW 26.10.050 and 1987 c 460 s 29 are each amended to read as follows:

In a custody proceeding, the court may order either or both parents owing a duty of support to any child of the marriage or the domestic partnership dependent upon either or both spouses or either or both domestic partners to pay an amount reasonable or necessary for the child's support.

Sec. 1024. RCW 26.10.180 and 1989 c 375 s 21 are each amended to read as follows:

(1) A relative (~~(, as defined in RCW 9A.40.010,)~~) may bring civil action against any other relative who, with intent to deny access to a child by another relative of the child who has a right to physical custody of or visitation with the child, takes, entices, or conceals the child from that relative. The plaintiff may be awarded, in addition to any damages awarded by the court, the reasonable expenses incurred by the plaintiff in locating the child, including, but not limited to, investigative services and reasonable attorneys' fees.

(2) "Relative" means an ancestor, descendant, or sibling including a relative of the same degree through marriage, domestic partnership, or adoption, or a spouse or domestic partner.

Sec. 1025. RCW 26.12.190 and 1991 c 367 s 14 are each amended to read as follows:

(1) The family court shall have jurisdiction and full power in all pending cases to make, alter, modify, and enforce all temporary and permanent orders

regarding the following: Parenting plans, child support, custody of children, visitation, possession of property, maintenance, contempt, custodial interference, and orders for attorneys' fees, suit money or costs as may appear just and equitable. Court commissioners or judges shall not have authority to require the parties to mediate disputes concerning child support.

(2) Family court investigation, evaluation, mediation, treatment, and reconciliation services, and any other services may be used to assist the court to develop an order as the court deems necessary to preserve the marriage or the domestic partnership, implement an amicable settlement, and resolve the issues in controversy.

Sec. 1026. RCW 26.18.010 and 1993 c 426 s 1 are each amended to read as follows:

The legislature finds that there is an urgent need for vigorous enforcement of child support and ((spousal)) maintenance obligations, and that stronger and more efficient statutory remedies need to be established to supplement and complement the remedies provided in chapters 26.09, ((26.21)) 26.21A, 26.26, 74.20, and 74.20A RCW.

Sec. 1027. RCW 26.18.020 and 1993 c 426 s 2 are each amended to read as follows:

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

(1) "Dependent child" means any child for whom a support order has been established or for whom a duty of support is owed.

(2) "Duty of ((spousal)) maintenance" means the duty to provide for the needs of a spouse or former spouse or domestic partner or former domestic partner imposed under chapter 26.09 RCW.

(3) "Duty of support" means the duty to provide for the needs of a dependent child, which may include necessary food, clothing, shelter, education, and health care. The duty includes any obligation to make monetary payments, to pay expenses, including ((spousal)) maintenance in cases in which there is a dependent child, or to reimburse another person or an agency for the cost of necessary support furnished a dependent child. The duty may be imposed by court order, by operation of law, or otherwise.

(4) "Obligee" means the custodian of a dependent child, the spouse or former spouse or domestic partner or former domestic partner, or person or agency, to whom a duty of support or duty of ((spousal)) maintenance is owed, or the person or agency to whom the right to receive or collect support or ((spousal)) maintenance has been assigned.

(5) "Obligor" means the person owing a duty of support or duty of ((spousal)) maintenance.

(6) "Support or maintenance order" means any judgment, decree, or order of support or ((spousal)) maintenance issued by the superior court or authorized agency of the state of Washington; or a judgment, decree, or other order of support or ((spousal)) maintenance issued by a court or agency of competent jurisdiction in another state or country, which has been registered or otherwise made enforceable in this state.

(7) "Employer" includes the United States government, a state or local unit of government, and any person or entity who pays or owes earnings or remuneration for employment to the obligor.

(8) "Earnings" means compensation paid or payable for personal services or remuneration for employment, whether denominated as wages, salary, commission, bonus, or otherwise, and, notwithstanding any other provision of law making the payments exempt from garnishment, attachment, or other process to satisfy support or (~~spousal~~) maintenance obligations, specifically includes periodic payments pursuant to pension or retirement programs, or insurance policies of any type, but does not include payments made under Title 50 RCW, except as provided in RCW 50.40.020 and 50.40.050, or Title 74 RCW.

(9) "Disposable earnings" means that part of the earnings of an individual remaining after the deduction from those earnings of any amount required by law to be withheld.

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

(11) "Health insurance coverage" includes any coverage under which medical services are provided by an employer or a union whether that coverage is provided through a self-insurance program, under the employee retirement income security act of 1974, a commercial insurer pursuant to chapters 48.20 and 48.21 RCW, a health care service contractor pursuant to chapter 48.44 RCW, or a health maintenance organization pursuant to chapter 48.46 RCW, and the state through chapter 41.05 RCW.

(12) "Insurer" means a commercial insurance company providing disability insurance under chapter 48.20 or 48.21 RCW, a health care service contractor providing health care coverage under chapter 48.44 RCW, a health maintenance organization providing comprehensive health care services under chapter 48.46 RCW, and shall also include any employer or union which is providing health insurance coverage on a self-insured basis.

(13) "Remuneration for employment" means moneys due from or payable by the United States to an individual within the scope of 42 U.S.C. Sec. 659 and 42 U.S.C. Sec. 662(f).

Sec. 1028. RCW 26.18.030 and 1993 c 426 s 3 are each amended to read as follows:

(1) The remedies provided in this chapter are in addition to, and not in substitution for, any other remedies provided by law.

(2) This chapter applies to any dependent child, whether born before or after June 7, 1984, and regardless of the past or current marital status or domestic partnership status of the parents, and to a spouse or former spouse or domestic partner or former domestic partner.

(3) This chapter shall be liberally construed to assure that all dependent children are adequately supported.

Sec. 1029. RCW 26.18.040 and 1993 c 426 s 4 are each amended to read as follows:

(1) A proceeding to enforce a duty of support or (~~spousal~~) maintenance is commenced:

- (a) By filing a petition for an original action; or
- (b) By motion in an existing action or under an existing cause number.

(2) Venue for the action is in the superior court of the county where the dependent child resides or is present, where the obligor or obligee resides, or where the prior support or maintenance order was entered. The petition or motion may be filed by the obligee, the state, or any agency providing care or support to the dependent child. A filing fee shall not be assessed in cases brought on behalf of the state of Washington.

(3) The court retains continuing jurisdiction under this chapter until all duties of either support or ((spousal)) maintenance, or both, of the obligor, including arrearages, have been satisfied.

Sec. 1030. RCW 26.18.050 and 1993 c 426 s 5 are each amended to read as follows:

(1) If an obligor fails to comply with a support or ((spousal)) maintenance order, a petition or motion may be filed without notice under RCW 26.18.040 to initiate a contempt action as provided in chapter 7.21 RCW. If the court finds there is reasonable cause to believe the obligor has failed to comply with a support or ((spousal)) maintenance order, the court may issue an order to show cause requiring the obligor to appear at a certain time and place for a hearing, at which time the obligor may appear to show cause why the relief requested should not be granted. A copy of the petition or motion shall be served on the obligor along with the order to show cause.

(2) Service of the order to show cause shall be by personal service, or in the manner provided in the civil rules of superior court or applicable statute.

(3) If the order to show cause served upon the obligor included a warning that an arrest warrant could be issued for failure to appear, the court may issue a bench warrant for the arrest of the obligor if the obligor fails to appear on the return date provided in the order.

(4) If the obligor contends at the hearing that he or she lacked the means to comply with the support or ((spousal)) maintenance order, the obligor shall establish that he or she exercised due diligence in seeking employment, in conserving assets, or otherwise in rendering himself or herself able to comply with the court's order.

(5) As provided in RCW 26.18.040, the court retains continuing jurisdiction under this chapter and may use a contempt action to enforce a support or maintenance order until the obligor satisfies all duties of support, including arrearages, that accrued pursuant to the support or maintenance order.

Sec. 1031. RCW 26.18.070 and 1994 c 230 s 3 are each amended to read as follows:

(1) A petition or motion seeking a mandatory wage assignment in an action under RCW 26.18.040 may be filed by an obligee if the obligor is:

(a) Subject to a support order allowing immediate income withholding; or
(b) More than fifteen days past due in child support or ((spousal)) maintenance payments in an amount equal to or greater than the obligation payable for one month.

(2) The petition or motion shall include a sworn statement by the obligee, stating the facts authorizing the issuance of the wage assignment order, including:

(a) That the obligor, stating his or her name and residence, is:
(i) Subject to a support order allowing immediate income withholding; or

(ii) More than fifteen days past due in child support or ~~((spousal))~~ maintenance payments in an amount equal to or greater than the obligation payable for one month;

(b) A description of the terms of the order requiring payment of support or ~~((spousal))~~ maintenance, and the amount past due, if any;

(c) The name and address of the obligor's employer;

(d) That notice by personal service or any form of mail requiring a return receipt, has been provided to the obligor at least fifteen days prior to the obligee seeking a mandatory wage assignment, unless the order for support or maintenance states that the obligee may seek a mandatory wage assignment without notice to the obligor; and

(e) In cases not filed by the state, whether the obligee has received public assistance from any source and, if the obligee has received public assistance, that the department of social and health services has been notified in writing of the pending action.

(3) If the court in which a mandatory wage assignment is sought does not already have a copy of the support or maintenance order in the court file, then the obligee shall attach a copy of the support or maintenance order to the petition or motion seeking the wage assignment.

Sec. 1032. RCW 26.18.090 and 1993 c 426 s 7 are each amended to read as follows:

(1) The wage assignment order in RCW 26.18.080 shall include:

(a) The maximum amount of current support or ~~((spousal))~~ maintenance, if any, to be withheld from the obligor's earnings each month, or from each earnings disbursement; and

(b) The total amount of the arrearage or reimbursement judgment previously entered by the court, if any, together with interest, if any.

(2) The total amount to be withheld from the obligor's earnings each month, or from each earnings disbursement, shall not exceed fifty percent of the disposable earnings of the obligor. If the amounts to be paid toward the arrearage are specified in the support or ~~((spousal))~~ maintenance order, then the maximum amount to be withheld is the sum of: Either the current support or ~~((spousal))~~ maintenance ordered, or both; and the amount ordered to be paid toward the arrearage, or fifty percent of the disposable earnings of the obligor, whichever is less.

(3) The provisions of RCW 6.27.150 do not apply to wage assignments for child support or ~~((spousal))~~ maintenance authorized under this chapter, but fifty percent of the disposable earnings of the obligor are exempt, and may be disbursed to the obligor.

(4) If an obligor is subject to two or more attachments for child support on account of different obligees, the employer shall, if the nonexempt portion of the obligor's earnings is not sufficient to respond fully to all the attachments, apportion the obligor's nonexempt disposable earnings between or among the various obligees equally. Any obligee may seek a court order reapportioning the obligor's nonexempt disposable earnings upon notice to all interested obligees. Notice shall be by personal service, or in the manner provided by the civil rules of superior court or applicable statute.

(5) If an obligor is subject to two or more attachments for ~~((spousal))~~ maintenance on account of different obligees, the employer shall, if the

(2) The total amount withheld above is subject to the wage assignment order, and all other sums may be disbursed to the obligor.

(3) Upon receipt of this wage assignment order you shall make immediate deductions from the obligor's earnings or remuneration and remit to the Washington state support registry or other address specified below the proper amounts within five working days of each regular pay interval.

You shall continue to withhold the ordered amounts from nonexempt earnings or remuneration of the obligor until notified by:

- (a) The court that the wage assignment has been modified or terminated; or
- (b) The addressee specified in the wage assignment order under this section that the accrued child support or (~~spousal~~) maintenance debt has been paid.

You shall promptly notify the court and the addressee specified in the wage assignment order under this section if and when the employee is no longer employed by you, or if the obligor no longer receives earnings or remuneration from you. If you no longer employ the employee, the wage assignment order shall remain in effect until you are no longer in possession of any earnings or remuneration owed to the employee.

You shall deliver the withheld earnings or remuneration to the Washington state support registry or other address stated below within five working days of each regular pay interval.

You shall deliver a copy of this order to the obligor as soon as is reasonably possible. This wage assignment order has priority over any other wage assignment or garnishment, except for another wage assignment or garnishment for child support or (~~spousal~~) maintenance, or order to withhold or deliver under chapter 74.20A RCW.

WHETHER OR NOT YOU OWE ANYTHING TO THE OBLIGOR, YOUR FAILURE TO ANSWER AS REQUIRED MAY MAKE YOU LIABLE FOR THE AMOUNT OF SUPPORT MONEYS THAT SHOULD HAVE BEEN WITHHELD FROM THE OBLIGOR'S EARNINGS OR SUBJECT TO CONTEMPT OF COURT.

NOTICE TO OBLIGOR: YOU HAVE A RIGHT TO REQUEST A HEARING IN THE SUPERIOR COURT THAT ISSUED THIS WAGE ASSIGNMENT ORDER, TO REQUEST THAT THE COURT QUASH, MODIFY, OR TERMINATE THE WAGE ASSIGNMENT ORDER. REGARDLESS OF THE FACT THAT YOUR WAGES ARE BEING WITHHELD PURSUANT TO THIS ORDER, YOU MAY HAVE SUSPENDED OR NOT RENEWED A PROFESSIONAL, DRIVER'S, OR OTHER LICENSE IF YOU ACCRUE CHILD SUPPORT ARREARAGES TOTALING MORE THAN SIX MONTHS OF CHILD SUPPORT PAYMENTS OR FAIL TO MAKE PAYMENTS TOWARDS A SUPPORT ARREARAGE IN AN AMOUNT THAT EXCEEDS SIX MONTHS OF PAYMENTS.

DATED THIS day of, 19. . .

.....
Obligee,	Judge/Court Commissioner
or obligee's attorney	

Send withheld payments to:
.....
.....
.....

Sec. 1034. RCW 26.18.110 and 1998 c 77 s 2 are each amended to read as follows:

(1) An employer upon whom service of a wage assignment order has been made shall answer the order by sworn affidavit within twenty days after the date of service. The answer shall state whether the obligor is employed by or receives earnings or other remuneration from the employer, whether the employer will honor the wage assignment order, and whether there are either multiple child support or ((spousal)) maintenance attachments, or both, against the obligor.

(2) If the employer possesses any earnings or remuneration due and owing to the obligor, the earnings subject to the wage assignment order shall be withheld immediately upon receipt of the wage assignment order. The withheld earnings shall be delivered to the Washington state support registry or, if the wage assignment order is to satisfy a duty of ((spousal)) maintenance, to the addressee specified in the assignment within five working days of each regular pay interval.

(3) The employer shall continue to withhold the ordered amounts from nonexempt earnings or remuneration of the obligor until notified by:

(a) The court that the wage assignment has been modified or terminated; or

(b) The Washington state support registry or obligee that the accrued child support or ((spousal)) maintenance debt has been paid, provided the wage assignment order contains the language set forth under RCW 26.18.100(3)(b). The employer shall promptly notify the addressee specified in the assignment when the employee is no longer employed. If the employer no longer employs the employee, the wage assignment order shall remain in effect for one year after the employee has left the employment or the employer has been in possession of any earnings or remuneration owed to the employee, whichever is later. The employer shall continue to hold the wage assignment order during that period. If the employee returns to the employer's employment during the one-year period the employer shall immediately begin to withhold the employee's earnings or remuneration according to the terms of the wage assignment order. If the employee has not returned within one year, the wage assignment shall cease to have effect at the expiration of the one-year period, unless the employer continues to owe remuneration for employment to the obligor.

(4) The employer may deduct a processing fee from the remainder of the employee's earnings after withholding under the wage assignment order, even if the remainder is exempt under RCW 26.18.090. The processing fee may not exceed (a) ten dollars for the first disbursement made by the employer to the Washington state support registry; and (b) one dollar for each subsequent disbursement to the clerk.

(5) An order for wage assignment for support for a dependent child entered under this chapter shall have priority over any other wage assignment or garnishment, except for another wage assignment or garnishment for child support, or order to withhold and deliver under chapter 74.20A RCW. An order

for wage assignment for spousal maintenance entered under this chapter shall have priority over any other wage assignment or garnishment, except for a wage assignment, garnishment, or order to withhold and deliver under chapter 74.20A RCW for support of a dependent child, and except for another wage assignment or garnishment for ((spousal)) maintenance.

(6) An employer who fails to withhold earnings as required by a wage assignment issued under this chapter may be held liable to the obligee for one hundred percent of the support or ((spousal)) maintenance debt, or the amount of support or ((spousal)) maintenance moneys that should have been withheld from the employee's earnings whichever is the lesser amount, if the employer:

(a) Fails or refuses, after being served with a wage assignment order, to deduct and promptly remit from the unpaid earnings the amounts of money required in the order;

(b) Fails or refuses to submit an answer to the notice of wage assignment after being served; or

(c) Is unwilling to comply with the other requirements of this section.

Liability may be established in superior court. Awards in superior court shall include costs, interest under RCW 19.52.020 and 4.56.110, and reasonable attorneys' fees.

(7) No employer who complies with a wage assignment issued under this chapter may be liable to the employee for wrongful withholding.

(8) No employer may discharge, discipline, or refuse to hire an employee because of the entry or service of a wage assignment issued and executed under this chapter. If an employer discharges, disciplines, or refuses to hire an employee in violation of this section, the employee or person shall have a cause of action against the employer. The employer shall be liable for double the amount of damages suffered as a result of the violation and for costs and reasonable attorneys' fees, and shall be subject to a civil penalty of not more than two thousand five hundred dollars for each violation. The employer may also be ordered to hire, rehire, or reinstate the aggrieved individual.

(9) For wage assignments payable to the Washington state support registry, an employer may combine amounts withheld from various employees into a single payment to the Washington state support registry, if the payment includes a listing of the amounts attributable to each employee and other information as required by the registry.

(10) An employer shall deliver a copy of the wage assignment order to the obligor as soon as is reasonably possible.

Sec. 1035. RCW 26.18.120 and 1993 c 426 s 10 are each amended to read as follows:

The answer of the employer shall be made on forms, served on the employer with the wage assignment order, substantially as follows:

IN THE SUPERIOR COURT OF THE	
STATE OF WASHINGTON IN AND FOR THE	
COUNTY OF	
.....	No.
Obligee	
vs.	ANSWER
.....	TO WAGE
Obligor	ASSIGNMENT ORDER

(2) If the obligor fails to make payments as required under the court order, the person entitled to receive payment may recover on the bond or other security in the existing proceeding. The court may, after notice and hearing, increase the amount of the bond or other security. Failure to comply with the court's order to obtain and maintain a bond or other security may be treated as contempt of court.

Sec. 1038. RCW 26.19.071 and 1997 c 59 s 4 are each amended to read as follows:

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

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

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

- (a) Salaries;
- (b) Wages;
- (c) Commissions;
- (d) Deferred compensation;
- (e) Overtime;
- (f) Contract-related benefits;
- (g) Income from second jobs;
- (h) Dividends;
- (i) Interest;
- (j) Trust income;
- (k) Severance pay;
- (l) Annuities;
- (m) Capital gains;
- (n) Pension retirement benefits;
- (o) Workers' compensation;
- (p) Unemployment benefits;
- (q) ~~(Spousal)~~ Maintenance actually received;
- (r) Bonuses;
- (s) Social security benefits; and
- (t) Disability insurance benefits.

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

- (a) Income of a new spouse or new domestic partner or income of other adults in the household;
- (b) Child support received from other relationships;
- (c) Gifts and prizes;

- (d) Temporary assistance for needy families;
- (e) Supplemental security income;
- (f) General assistance; and
- (g) Food stamps.

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

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

- (a) Federal and state income taxes;
- (b) Federal insurance contributions act deductions;
- (c) Mandatory pension plan payments;
- (d) Mandatory union or professional dues;
- (e) State industrial insurance premiums;
- (f) Court-ordered (~~spousal~~) maintenance to the extent actually paid;
- (g) Up to two thousand dollars per year in voluntary pension payments actually made if the contributions were made for the two tax years preceding the earlier of the (i) tax year in which the parties separated with intent to live separate and apart or (ii) tax year in which the parties filed for dissolution; and
- (h) Normal business expenses and self-employment taxes for self-employed persons. Justification shall be required for any business expense deduction about which there is disagreement.

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

(6) **Imputation of income.** The court shall impute income to a parent when the parent is voluntarily unemployed or voluntarily underemployed. The court shall determine whether the parent is voluntarily underemployed or voluntarily unemployed based upon that parent's work history, education, health, and age, or any other relevant factors. A court shall not impute income to a parent who is gainfully employed on a full-time basis, unless the court finds that the parent is voluntarily underemployed and finds that the parent is purposely underemployed to reduce the parent's child support obligation. Income shall not be imputed for an unemployable parent. Income shall not be imputed to a parent to the extent the parent is unemployed or significantly underemployed due to the parent's efforts to comply with court-ordered reunification efforts under chapter 13.34 RCW or under a voluntary placement agreement with an agency supervising the child. In the absence of information to the contrary, a parent's imputed income shall be based on the median income of year-round full-time workers as derived from the United States bureau of census, current populations reports, or such replacement report as published by the bureau of census.

Sec. 1039. RCW 26.19.075 and 1997 c 59 s 5 are each amended to read as follows:

(1) Reasons for deviation from the standard calculation include but are not limited to the following:

(a) **Sources of income and tax planning.** The court may deviate from the standard calculation after consideration of the following:

(i) Income of a new spouse or new domestic partner if the parent who is married to the new spouse or in a partnership with a new domestic partner is

asking for a deviation based on any other reason. Income of a new spouse or new domestic partner is not, by itself, a sufficient reason for deviation;

(ii) Income of other adults in the household if the parent who is living with the other adult is asking for a deviation based on any other reason. Income of the other adults in the household is not, by itself, a sufficient reason for deviation;

(iii) Child support actually received from other relationships;

(iv) Gifts;

(v) Prizes;

(vi) Possession of wealth, including but not limited to savings, investments, real estate holdings and business interests, vehicles, boats, pensions, bank accounts, insurance plans, or other assets;

(vii) Extraordinary income of a child; or

(viii) Tax planning considerations. A deviation for tax planning may be granted only if the child would not receive a lesser economic benefit due to the tax planning.

(b) **Nonrecurring income.** The court may deviate from the standard calculation based on a finding that a particular source of income included in the calculation of the basic support obligation is not a recurring source of income. Depending on the circumstances, nonrecurring income may include overtime, contract-related benefits, bonuses, or income from second jobs. Deviations for nonrecurring income shall be based on a review of the nonrecurring income received in the previous two calendar years.

(c) **Debt and high expenses.** The court may deviate from the standard calculation after consideration of the following expenses:

(i) Extraordinary debt not voluntarily incurred;

(ii) A significant disparity in the living costs of the parents due to conditions beyond their control;

(iii) Special needs of disabled children;

(iv) Special medical, educational, or psychological needs of the children; or

(v) Costs incurred or anticipated to be incurred by the parents in compliance with court-ordered reunification efforts under chapter 13.34 RCW or under a voluntary placement agreement with an agency supervising the child.

(d) **Residential schedule.** The court may deviate from the standard calculation if the child spends a significant amount of time with the parent who is obligated to make a support transfer payment. The court may not deviate on that basis if the deviation will result in insufficient funds in the household receiving the support to meet the basic needs of the child or if the child is receiving temporary assistance for needy families. When determining the amount of the deviation, the court shall consider evidence concerning the increased expenses to a parent making support transfer payments resulting from the significant amount of time spent with that parent and shall consider the decreased expenses, if any, to the party receiving the support resulting from the significant amount of time the child spends with the parent making the support transfer payment.

(e) **Children from other relationships.** The court may deviate from the standard calculation when either or both of the parents before the court have children from other relationships to whom the parent owes a duty of support.

(i) The child support schedule shall be applied to the mother, father, and children of the family before the court to determine the presumptive amount of support.

(ii) Children from other relationships shall not be counted in the number of children for purposes of determining the basic support obligation and the standard calculation.

(iii) When considering a deviation from the standard calculation for children from other relationships, the court may consider only other children to whom the parent owes a duty of support. The court may consider court-ordered payments of child support for children from other relationships only to the extent that the support is actually paid.

(iv) When the court has determined that either or both parents have children from other relationships, deviations under this section shall be based on consideration of the total circumstances of both households. All child support obligations paid, received, and owed for all children shall be disclosed and considered.

(2) All income and resources of the parties before the court, new spouses or new domestic partners, and other adults in the households shall be disclosed and considered as provided in this section. The presumptive amount of support shall be determined according to the child support schedule. Unless specific reasons for deviation are set forth in the written findings of fact and are supported by the evidence, the court shall order each parent to pay the amount of support determined by using the standard calculation.

(3) The court shall enter findings that specify reasons for any deviation or any denial of a party's request for any deviation from the standard calculation made by the court. The court shall not consider reasons for deviation until the court determines the standard calculation for each parent.

(4) When reasons exist for deviation, the court shall exercise discretion in considering the extent to which the factors would affect the support obligation.

(5) Agreement of the parties is not by itself adequate reason for any deviations from the standard calculation.

Sec. 1040. RCW 26.20.035 and 2002 c 331 s 7 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, any person who is able to provide support, or has the ability to earn the means to provide support, and who:

(a) Willfully omits to provide necessary food, clothing, shelter, or medical attendance to a child dependent upon him or her; or

(b) Willfully omits to provide necessary food, clothing, shelter, or medical attendance to his or her spouse or his or her domestic partner, is guilty of the crime of family nonsupport.

(2) A parent of a newborn who transfers the newborn to a qualified person at an appropriate location pursuant to RCW 13.34.360 is not subject to criminal liability under this section.

(3) The crime of family nonsupport is a gross misdemeanor under chapter 9A.20 RCW.

Sec. 1041. RCW 26.20.071 and 1963 c 10 s 1 are each amended to read as follows:

In any proceedings relating to nonsupport or family desertion the laws attaching a privilege against the disclosure of communications between ~~((husband and wife))~~ spouses or domestic partners shall be inapplicable and both ~~((husband and wife))~~ spouses or domestic partners in such proceedings shall be competent witnesses to testify to any relevant matter, including marriage, domestic partnership, and parentage.

Sec. 1042. RCW 26.20.080 and 1984 c 260 s 28 are each amended to read as follows:

Proof of the nonsupport of a spouse or domestic partner or of a child or children, or the omission to furnish necessary food, clothing, shelter, or medical attendance for a spouse or domestic partner, or for a child or children, is prima facie evidence that the nonsupport or omission to furnish food, clothing, shelter, or medical attendance is wilful. The provisions of RCW 26.20.030 and 26.20.035 are applicable regardless of the marital or domestic partnership status of the person who has a child dependent upon him or her, and regardless of the nonexistence of any decree requiring payment of support or maintenance.

Sec. 1043. RCW 26.09.015 and 2007 c 496 s 602 are each amended to read as follows:

(1) In any proceeding under this chapter, the matter may be set for mediation of the contested issues before or concurrent with the setting of the matter for hearing. The purpose of the mediation proceeding shall be to reduce acrimony which may exist between the parties and to develop an agreement assuring the child's close and continuing contact with both parents after the marriage or the domestic partnership is dissolved. The mediator shall use his or her best efforts to effect a settlement of the dispute.

(2) Each superior court may make available a mediator. The mediator may be a member of the professional staff of a family court or mental health services agency, or may be any other person or agency designated by the court. In order to provide mediation services, the court is not required to institute a family court.

(3)(a) Mediation proceedings under this chapter shall be governed in all respects by chapter 7.07 RCW, except as follows:

(i) Mediation communications in postdecree mediations mandated by a parenting plan are admissible in subsequent proceedings for the limited purpose of proving:

(A) Abuse, neglect, abandonment, exploitation, or unlawful harassment as defined in RCW 9A.46.020(1), of a child;

(B) Abuse or unlawful harassment as defined in RCW 9A.46.020(1), of a family or household member as defined in RCW 26.50.010(2); or

(C) That a parent used or frustrated the dispute resolution process without good reason for purposes of RCW 26.09.184(4)(d).

(ii) If a postdecree mediation-arbitration proceeding is required pursuant to a parenting plan and the same person acts as both mediator and arbitrator, mediation communications in the mediation phase of such a proceeding may be admitted during the arbitration phase, and shall be admissible in the judicial review of such a proceeding under RCW 26.09.184(4)(e) to the extent necessary for such review to be effective.

(b) None of the exceptions under (a)(i) and (ii) of this subsection shall subject a mediator to compulsory process to testify except by court order for

good cause shown, taking into consideration the need for the mediator's testimony and the interest in the mediator maintaining an appearance of impartiality. If a mediation communication is not privileged under (a)(i) of this subsection or that portion of (a)(ii) of this subsection pertaining to judicial review, only the portion of the communication necessary for the application of the exception may be admitted, and such admission of evidence shall not render any other mediation communication discoverable or admissible except as may be provided in chapter 7.07 RCW.

(4) The mediator shall assess the needs and interests of the child or children involved in the controversy and may interview the child or children if the mediator deems such interview appropriate or necessary.

(5) Any agreement reached by the parties as a result of mediation shall be reported to the court and to counsel for the parties by the mediator on the day set for mediation or any time thereafter designated by the court.

Sec. 1044. RCW 26.09.015 and 2007 c 496 s 602 and 2007 c 496 s 501 are each reenacted and amended to read as follows:

(1) In any proceeding under this chapter, the matter may be set for mediation of the contested issues before or concurrent with the setting of the matter for hearing. The purpose of the mediation proceeding shall be to reduce acrimony which may exist between the parties and to develop an agreement assuring the child's close and continuing contact with both parents after the marriage or the domestic partnership is dissolved. The mediator shall use his or her best efforts to effect a settlement of the dispute.

(2)(a) Each superior court may make available a mediator. The court shall use the most cost-effective mediation services that are readily available unless there is good cause to access alternative providers. The mediator may be a member of the professional staff of a family court or mental health services agency, or may be any other person or agency designated by the court. In order to provide mediation services, the court is not required to institute a family court.

(b) In any proceeding involving issues relating to residential time or other matters governed by a parenting plan, the matter may be set for mediation of the contested issues before or concurrent with the setting of the matter for hearing. Counties may, and to the extent state funding is provided therefor counties shall, provide both predecree and postdecree mediation at reduced or waived fee to the parties within one year of the filing of the dissolution petition.

(3)(a) Mediation proceedings under this chapter shall be governed in all respects by chapter 7.07 RCW, except as follows:

(i) Mediation communications in postdecree mediations mandated by a parenting plan are admissible in subsequent proceedings for the limited purpose of proving:

(A) Abuse, neglect, abandonment, exploitation, or unlawful harassment as defined in RCW 9A.46.020(1), of a child;

(B) Abuse or unlawful harassment as defined in RCW 9A.46.020(1), of a family or household member as defined in RCW 26.50.010(2); or

(C) That a parent used or frustrated the dispute resolution process without good reason for purposes of RCW 26.09.184(4)(d).

(ii) If a postdecree mediation-arbitration proceeding is required pursuant to a parenting plan and the same person acts as both mediator and arbitrator, mediation communications in the mediation phase of such a proceeding may be

admitted during the arbitration phase, and shall be admissible in the judicial review of such a proceeding under RCW 26.09.184(4)(e) to the extent necessary for such review to be effective.

(b) None of the exceptions under (a)(i) and (ii) of this subsection shall subject a mediator to compulsory process to testify except by court order for good cause shown, taking into consideration the need for the mediator's testimony and the interest in the mediator maintaining an appearance of impartiality. If a mediation communication is not privileged under (a)(i) of this subsection or that portion of (a)(ii) of this subsection pertaining to judicial review, only the portion of the communication necessary for the application of the exception may be admitted, and such admission of evidence shall not render any other mediation communication discoverable or admissible except as may be provided in chapter 7.07 RCW.

(4) The mediator shall assess the needs and interests of the child or children involved in the controversy and may interview the child or children if the mediator deems such interview appropriate or necessary.

(5) Any agreement reached by the parties as a result of mediation shall be reported to the court and to counsel for the parties by the mediator on the day set for mediation or any time thereafter designated by the court.

Sec. 1045. RCW 26.09.194 and 1987 c 460 s 13 are each amended to read as follows:

(1) A parent seeking a temporary order relating to parenting shall file and serve a proposed temporary parenting plan by motion. The other parent, if contesting the proposed temporary parenting plan, shall file and serve a responsive proposed parenting plan. Either parent may move to have a proposed temporary parenting plan entered as part of a temporary order. The parents may enter an agreed temporary parenting plan at any time as part of a temporary order. The proposed temporary parenting plan may be supported by relevant evidence and shall be accompanied by an affidavit or declaration which shall state at a minimum the following:

(a) The name, address, and length of residence with the person or persons with whom the child has lived for the preceding twelve months;

(b) The performance by each parent during the last twelve months of the parenting functions relating to the daily needs of the child;

(c) The parents' work and child-care schedules for the preceding twelve months;

(d) The parents' current work and child-care schedules; and

(e) Any of the circumstances set forth in RCW 26.09.191 that are likely to pose a serious risk to the child and that warrant limitation on the award to a parent of temporary residence or time with the child pending entry of a permanent parenting plan.

(2) At the hearing, the court shall enter a temporary parenting order incorporating a temporary parenting plan which includes:

(a) A schedule for the child's time with each parent when appropriate;

(b) Designation of a temporary residence for the child;

(c) Allocation of decision-making authority, if any. Absent allocation of decision-making authority consistent with RCW 26.09.187(2), neither party shall make any decision for the child other than those relating to day-to-day or

emergency care of the child, which shall be made by the party who is present with the child;

(d) Provisions for temporary support for the child; and

(e) Restraining orders, if applicable, under RCW 26.09.060.

(3) A parent may make a motion for an order to show cause and the court may enter a temporary order, including a temporary parenting plan, upon a showing of necessity.

(4) A parent may move for amendment of a temporary parenting plan, and the court may order amendment to the temporary parenting plan, if the amendment conforms to the limitations of RCW 26.09.191 and is in the best interest of the child.

(5) If a proceeding for dissolution of marriage or dissolution of domestic partnership, legal separation, or declaration of invalidity is dismissed, any temporary order or temporary parenting plan is vacated.

Sec. 1046. RCW 26.12.172 and 1994 c 267 s 5 are each amended to read as follows:

Any court rules adopted for the implementation of parenting seminars shall include the following provisions:

(1) In no case shall opposing parties be required to attend seminars together;

(2) Upon a showing of domestic violence or abuse which would not require mutual decision making pursuant to RCW 26.09.191, or that a parent's attendance at the seminar is not in the children's best interests, the court shall either:

(a) Waive the requirement of completion of the seminar; or

(b) Provide an alternative, voluntary parenting seminar for battered spouses or battered domestic partners; and

(3) The court may waive the seminar for good cause.

Sec. 1047. RCW 26.12.260 and 2007 c 496 s 201 are each amended to read as follows:

(1) After July 1, 2009, but no later than November 1, 2009, a county may, and to the extent state funding is provided to meet the minimum requirements of the program a county shall, create a program to provide services to all parties involved in proceedings under chapter 26.09 RCW. Minimum components of this program shall include: (a) An individual to serve as an initial point of contact for parties filing petitions for dissolutions or legal separations under chapter 26.09 RCW; (b) informing parties about courthouse facilitation programs and orientations; (c) informing parties of alternatives to filing a dissolution petition, such as marriage or domestic partnership counseling; (d) informing parties of alternatives to litigation including counseling, legal separation, and mediation services if appropriate; (e) informing parties of supportive family services available in the community; (f) screening for referral for services in the areas of domestic violence as defined in RCW 26.50.010, child abuse, substance abuse, and mental health; and (g) assistance to the court in superior court cases filed under chapter 26.09 RCW.

(2) This program shall not provide legal advice. No attorney-client relationship or privilege is created, by implication or by inference, between persons providing basic information under this section and the participants in the program.

(3) The legislative authority of any county may impose user fees or may impose a surcharge of up to twenty dollars on only those superior court cases filed under this title, or both, to pay for the expenses of this program. Fees collected under this section shall be collected and deposited in the same manner as other county funds are collected and deposited, and shall be maintained in a separate account to be used as provided in this section. The program shall provide services to indigent persons at no expense.

(4) Persons who implement the program shall be appointed in the same manner as investigators, stenographers, and clerks as described in RCW 26.12.050.

(5) If the county has a program under this section, any petition under RCW 26.09.020 must allege that the moving party met and conferred with the program prior to the filing of the petition.

(6) If the county has a program under this section, parties shall meet and confer with the program prior to participation in mediation under RCW 26.09.016.

NEW SECTION. Sec. 1048. A new section is added to chapter 26.18 RCW to read as follows:

(1) For the purposes of chapter 26.21A RCW, any privilege, immunity, right, benefit, or responsibility granted or imposed by chapter 26.21A RCW, the uniform interstate family support act, to or on an individual because the individual is or was married is granted or imposed on equivalent terms, substantive and procedural, to or on an individual who is or was in a domestic partnership.

(2) For the purposes of chapter 26.21A RCW, any privilege, immunity, right, benefit, or responsibility granted or imposed by chapter 26.21A RCW, the uniform interstate family support act, to or on a spouse with respect to a child is granted or imposed on equivalent terms, substantive and procedural, to or on a domestic partner with respect to a child.

PART XI - RECIPROCITY

NEW SECTION. Sec. 1101. A new section is added to chapter 26.60 RCW to read as follows:

A legal union of two persons of the same sex, other than a marriage, that was validly formed in another jurisdiction, and that is substantially equivalent to a domestic partnership under this chapter, shall be recognized as a valid domestic partnership in this state regardless of whether it bears the name domestic partnership.

PART XII - DEFINITIONS

NEW SECTION. Sec. 1201. A new section is added to chapter 26.60 RCW to read as follows:

Whenever the term "domestic partnership" is used in the Revised Code of Washington it shall be defined to mean "state registered domestic partnership" and whenever the term "domestic partner" is used in the Revised Code of Washington it shall be defined to mean "state registered domestic partner."

PART XIII - MISCELLANEOUS

NEW SECTION. Sec. 1301. Part headings used in this act are not any part of the law.

NEW SECTION. Sec. 1302. 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. 1303. By January 1, 2009, affected agencies shall adopt rules to implement the provisions of this act.

NEW SECTION. Sec. 1304. Section 1043 of this act expires January 1, 2009.

NEW SECTION. Sec. 1305. Section 1044 of this act takes effect January 1, 2009.

NEW SECTION. Sec. 1306. Section 1047 of this act takes effect July 1, 2009.

Passed by the House February 15, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 12, 2008.

Filed in Office of Secretary of State March 13, 2008.

CHAPTER 7

[Substitute Senate Bill 6184]

MOST SERIOUS OFFENSES—OUT-OF-STATE SEXUALLY-MOTIVATED
FELONY CONVICTIONS

AN ACT Relating to most serious offenses; reenacting and amending RCW 9.94A.030; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 9.94A.030 and 2006 c 139 s 5, 2006 c 124 s 1, 2006 c 122 s 7, 2006 c 73 s 5, and 2005 c 436 s 1 are each reenacted and amended to read as follows:

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

(1) "Board" means the indeterminate sentence review board created under chapter 9.95 RCW.

(2) "Collect," or any derivative thereof, "collect and remit," or "collect and deliver," when used with reference to the department, means that the department, either directly or through a collection agreement authorized by RCW 9.94A.760, is responsible for monitoring and enforcing the offender's sentence with regard to the legal financial obligation, receiving payment thereof from the offender, and, consistent with current law, delivering daily the entire payment to the superior court clerk without depositing it in a departmental account.

(3) "Commission" means the sentencing guidelines commission.

(4) "Community corrections officer" means an employee of the department who is responsible for carrying out specific duties in supervision of sentenced offenders and monitoring of sentence conditions.

(5) "Community custody" means that portion of an offender's sentence of confinement in lieu of earned release time or imposed pursuant to RCW 9.94A.505(2)(b), 9.94A.650 through 9.94A.670, 9.94A.690, 9.94A.700 through 9.94A.715, or 9.94A.545, served in the community subject to controls placed on the offender's movement and activities by the department. For offenders placed on community custody for crimes committed on or after July 1, 2000, the department shall assess the offender's risk of reoffense and may establish and modify conditions of community custody, in addition to those imposed by the court, based upon the risk to community safety.

(6) "Community custody range" means the minimum and maximum period of community custody included as part of a sentence under RCW 9.94A.715, as established by the commission or the legislature under RCW 9.94A.850, for crimes committed on or after July 1, 2000.

(7) "Community placement" means that period during which the offender is subject to the conditions of community custody and/or postrelease supervision, which begins either upon completion of the term of confinement (postrelease supervision) or at such time as the offender is transferred to community custody in lieu of earned release. Community placement may consist of entirely community custody, entirely postrelease supervision, or a combination of the two.

(8) "Community protection zone" means the area within eight hundred eighty feet of the facilities and grounds of a public or private school.

(9) "Community restitution" means compulsory service, without compensation, performed for the benefit of the community by the offender.

(10) "Community supervision" means a period of time during which a convicted offender is subject to crime-related prohibitions and other sentence conditions imposed by a court pursuant to this chapter or RCW 16.52.200(6) or 46.61.524. Where the court finds that any offender has a chemical dependency that has contributed to his or her offense, the conditions of supervision may, subject to available resources, include treatment. For purposes of the interstate compact for out-of-state supervision of parolees and probationers, RCW 9.95.270, community supervision is the functional equivalent of probation and should be considered the same as probation by other states.

(11) "Confinement" means total or partial confinement.

(12) "Conviction" means an adjudication of guilt pursuant to Titles 10 or 13 RCW and includes a verdict of guilty, a finding of guilty, and acceptance of a plea of guilty.

(13) "Crime-related prohibition" means an order of a court prohibiting conduct that directly relates to the circumstances of the crime for which the offender has been convicted, and shall not be construed to mean orders directing an offender affirmatively to participate in rehabilitative programs or to otherwise perform affirmative conduct. However, affirmative acts necessary to monitor compliance with the order of a court may be required by the department.

(14) "Criminal history" means the list of a defendant's prior convictions and juvenile adjudications, whether in this state, in federal court, or elsewhere.

(a) The history shall include, where known, for each conviction (i) whether the defendant has been placed on probation and the length and terms thereof; and (ii) whether the defendant has been incarcerated and the length of incarceration.

(b) A conviction may be removed from a defendant's criminal history only if it is vacated pursuant to RCW 9.96.060, 9.94A.640, 9.95.240, or a similar out-of-state statute, or if the conviction has been vacated pursuant to a governor's pardon.

(c) The determination of a defendant's criminal history is distinct from the determination of an offender score. A prior conviction that was not included in an offender score calculated pursuant to a former version of the sentencing reform act remains part of the defendant's criminal history.

(15) "Day fine" means a fine imposed by the sentencing court that equals the difference between the offender's net daily income and the reasonable obligations that the offender has for the support of the offender and any dependents.

(16) "Day reporting" means a program of enhanced supervision designed to monitor the offender's daily activities and compliance with sentence conditions, and in which the offender is required to report daily to a specific location designated by the department or the sentencing court.

(17) "Department" means the department of corrections.

(18) "Determinate sentence" means a sentence that states with exactitude the number of actual years, months, or days of total confinement, of partial confinement, of community supervision, the number of actual hours or days of community restitution work, or dollars or terms of a legal financial obligation. The fact that an offender through earned release can reduce the actual period of confinement shall not affect the classification of the sentence as a determinate sentence.

(19) "Disposable earnings" means that part of the earnings of an offender remaining after the deduction from those earnings of any amount required by law to be withheld. For the purposes of this definition, "earnings" means compensation paid or payable for personal services, whether denominated as wages, salary, commission, bonuses, or otherwise, and, notwithstanding any other provision of law making the payments exempt from garnishment, attachment, or other process to satisfy a court-ordered legal financial obligation, specifically includes periodic payments pursuant to pension or retirement programs, or insurance policies of any type, but does not include payments made under Title 50 RCW, except as provided in RCW 50.40.020 and 50.40.050, or Title 74 RCW.

(20) "Drug offender sentencing alternative" is a sentencing option available to persons convicted of a felony offense other than a violent offense or a sex offense and who are eligible for the option under RCW 9.94A.660.

(21) "Drug offense" means:

(a) Any felony violation of chapter 69.50 RCW except possession of a controlled substance (RCW 69.50.4013) or forged prescription for a controlled substance (RCW 69.50.403);

(b) Any offense defined as a felony under federal law that relates to the possession, manufacture, distribution, or transportation of a controlled substance; or

(c) Any out-of-state conviction for an offense that under the laws of this state would be a felony classified as a drug offense under (a) of this subsection.

(22) "Earned release" means earned release from confinement as provided in RCW 9.94A.728.

(23) "Escape" means:

(a) Sexually violent predator escape (RCW 9A.76.115), escape in the first degree (RCW 9A.76.110), escape in the second degree (RCW 9A.76.120), willful failure to return from furlough (RCW 72.66.060), willful failure to return from work release (RCW 72.65.070), or willful failure to be available for supervision by the department while in community custody (RCW 72.09.310); or

(b) Any federal or out-of-state conviction for an offense that under the laws of this state would be a felony classified as an escape under (a) of this subsection.

(24) "Felony traffic offense" means:

(a) Vehicular homicide (RCW 46.61.520), vehicular assault (RCW 46.61.522), eluding a police officer (RCW 46.61.024), felony hit-and-run injury-accident (RCW 46.52.020(4)), felony driving while under the influence of intoxicating liquor or any drug (RCW 46.61.502(6)), or felony physical control of a vehicle while under the influence of intoxicating liquor or any drug (RCW 46.61.504(6)); or

(b) Any federal or out-of-state conviction for an offense that under the laws of this state would be a felony classified as a felony traffic offense under (a) of this subsection.

(25) "Fine" means a specific sum of money ordered by the sentencing court to be paid by the offender to the court over a specific period of time.

(26) "First-time offender" means any person who has no prior convictions for a felony and is eligible for the first-time offender waiver under RCW 9.94A.650.

(27) "Home detention" means a program of partial confinement available to offenders wherein the offender is confined in a private residence subject to electronic surveillance.

(28) "Legal financial obligation" means a sum of money that is ordered by a superior court of the state of Washington for legal financial obligations which may include restitution to the victim, statutorily imposed crime victims' compensation fees as assessed pursuant to RCW 7.68.035, court costs, county or interlocal drug funds, court-appointed attorneys' fees, and costs of defense, fines, and any other financial obligation that is assessed to the offender as a result of a felony conviction. Upon conviction for vehicular assault while under the influence of intoxicating liquor or any drug, RCW 46.61.522(1)(b), or vehicular homicide while under the influence of intoxicating liquor or any drug, RCW 46.61.520(1)(a), legal financial obligations may also include payment to a public agency of the expense of an emergency response to the incident resulting in the conviction, subject to RCW 38.52.430.

(29) "Most serious offense" means any of the following felonies or a felony attempt to commit any of the following felonies:

(a) Any felony defined under any law as a class A felony or criminal solicitation of or criminal conspiracy to commit a class A felony;

(b) Assault in the second degree;

(c) Assault of a child in the second degree;

(d) Child molestation in the second degree;

(e) Controlled substance homicide;

(f) Extortion in the first degree;

- (g) Incest when committed against a child under age fourteen;
 - (h) Indecent liberties;
 - (i) Kidnapping in the second degree;
 - (j) Leading organized crime;
 - (k) Manslaughter in the first degree;
 - (l) Manslaughter in the second degree;
 - (m) Promoting prostitution in the first degree;
 - (n) Rape in the third degree;
 - (o) Robbery in the second degree;
 - (p) Sexual exploitation;
 - (q) Vehicular assault, when caused by the operation or driving of a vehicle by a person while under the influence of intoxicating liquor or any drug or by the operation or driving of a vehicle in a reckless manner;
 - (r) Vehicular homicide, when proximately caused by the driving of any vehicle by any person while under the influence of intoxicating liquor or any drug as defined by RCW 46.61.502, or by the operation of any vehicle in a reckless manner;
 - (s) Any other class B felony offense with a finding of sexual motivation;
 - (t) Any other felony with a deadly weapon verdict under RCW 9A.4A.602;
 - (u) Any felony offense in effect at any time prior to December 2, 1993, that is comparable to a most serious offense under this subsection, or any federal or out-of-state conviction for an offense that under the laws of this state would be a felony classified as a most serious offense under this subsection;
 - (v)(i) A prior conviction for indecent liberties under RCW 9A.88.100(1) (a), (b), and (c), chapter 260, Laws of 1975 1st ex. sess. as it existed until July 1, 1979, RCW 9A.44.100(1) (a), (b), and (c) as it existed from July 1, 1979, until June 11, 1986, and RCW 9A.44.100(1) (a), (b), and (d) as it existed from June 11, 1986, until July 1, 1988;
 - (ii) A prior conviction for indecent liberties under RCW 9A.44.100(1)(c) as it existed from June 11, 1986, until July 1, 1988, if: (A) The crime was committed against a child under the age of fourteen; or (B) the relationship between the victim and perpetrator is included in the definition of indecent liberties under RCW 9A.44.100(1)(c) as it existed from July 1, 1988, through July 27, 1997, or RCW 9A.44.100(1) (d) or (e) as it existed from July 25, 1993, through July 27, 1997;
 - (w) Any out-of-state conviction for a felony offense with a finding of sexual motivation if the minimum sentence imposed was ten years or more; provided that the out-of-state felony offense must be comparable to a felony offense under Title 9 or 9A RCW and the out-of-state definition of sexual motivation must be comparable to the definition of sexual motivation contained in this section.
- (30) "Nonviolent offense" means an offense which is not a violent offense.
- (31) "Offender" means a person who has committed a felony established by state law and is eighteen years of age or older or is less than eighteen years of age but whose case is under superior court jurisdiction under RCW 13.04.030 or has been transferred by the appropriate juvenile court to a criminal court pursuant to RCW 13.40.110. Throughout this chapter, the terms "offender" and "defendant" are used interchangeably.
- (32) "Partial confinement" means confinement for no more than one year in a facility or institution operated or utilized under contract by the state or any

other unit of government, or, if home detention or work crew has been ordered by the court, in an approved residence, for a substantial portion of each day with the balance of the day spent in the community. Partial confinement includes work release, home detention, work crew, and a combination of work crew and home detention.

(33) "Persistent offender" is an offender who:

(a)(i) Has been convicted in this state of any felony considered a most serious offense; and

(ii) Has, before the commission of the offense under (a) of this subsection, been convicted as an offender on at least two separate occasions, whether in this state or elsewhere, of felonies that under the laws of this state would be considered most serious offenses and would be included in the offender score under RCW 9.94A.525; provided that of the two or more previous convictions, at least one conviction must have occurred before the commission of any of the other most serious offenses for which the offender was previously convicted; or

(b)(i) Has been convicted of: (A) Rape in the first degree, rape of a child in the first degree, child molestation in the first degree, rape in the second degree, rape of a child in the second degree, or indecent liberties by forcible compulsion; (B) any of the following offenses with a finding of sexual motivation: Murder in the first degree, murder in the second degree, homicide by abuse, kidnapping in the first degree, kidnapping in the second degree, assault in the first degree, assault in the second degree, assault of a child in the first degree, assault of a child in the second degree, or burglary in the first degree; or (C) an attempt to commit any crime listed in this subsection (33)(b)(i); and

(ii) Has, before the commission of the offense under (b)(i) of this subsection, been convicted as an offender on at least one occasion, whether in this state or elsewhere, of an offense listed in (b)(i) of this subsection or any federal or out-of-state offense or offense under prior Washington law that is comparable to the offenses listed in (b)(i) of this subsection. A conviction for rape of a child in the first degree constitutes a conviction under (b)(i) of this subsection only when the offender was sixteen years of age or older when the offender committed the offense. A conviction for rape of a child in the second degree constitutes a conviction under (b)(i) of this subsection only when the offender was eighteen years of age or older when the offender committed the offense.

(34) "Postrelease supervision" is that portion of an offender's community placement that is not community custody.

(35) "Predatory" means: (a) The perpetrator of the crime was a stranger to the victim, as defined in this section; (b) the perpetrator established or promoted a relationship with the victim prior to the offense and the victimization of the victim was a significant reason the perpetrator established or promoted the relationship; or (c) the perpetrator was: (i) A teacher, counselor, volunteer, or other person in authority in any public or private school and the victim was a student of the school under his or her authority or supervision. For purposes of this subsection, "school" does not include home-based instruction as defined in RCW 28A.225.010; (ii) a coach, trainer, volunteer, or other person in authority in any recreational activity and the victim was a participant in the activity under his or her authority or supervision; or (iii) a pastor, elder, volunteer, or other

person in authority in any church or religious organization, and the victim was a member or participant of the organization under his or her authority.

(36) "Private school" means a school regulated under chapter 28A.195 or 28A.205 RCW.

(37) "Public school" has the same meaning as in RCW 28A.150.010.

(38) "Restitution" means a specific sum of money ordered by the sentencing court to be paid by the offender to the court over a specified period of time as payment of damages. The sum may include both public and private costs.

(39) "Risk assessment" means the application of an objective instrument supported by research and adopted by the department for the purpose of assessing an offender's risk of reoffense, taking into consideration the nature of the harm done by the offender, place and circumstances of the offender related to risk, the offender's relationship to any victim, and any information provided to the department by victims. The results of a risk assessment shall not be based on unconfirmed or unconfirmable allegations.

(40) "Serious traffic offense" means:

(a) Nonfelony driving while under the influence of intoxicating liquor or any drug (RCW 46.61.502), nonfelony actual physical control while under the influence of intoxicating liquor or any drug (RCW 46.61.504), reckless driving (RCW 46.61.500), or hit-and-run an attended vehicle (RCW 46.52.020(5)); or

(b) Any federal, out-of-state, county, or municipal conviction for an offense that under the laws of this state would be classified as a serious traffic offense under (a) of this subsection.

(41) "Serious violent offense" is a subcategory of violent offense and means:

(a)(i) Murder in the first degree;

(ii) Homicide by abuse;

(iii) Murder in the second degree;

(iv) Manslaughter in the first degree;

(v) Assault in the first degree;

(vi) Kidnapping in the first degree;

(vii) Rape in the first degree;

(viii) Assault of a child in the first degree; or

(ix) An attempt, criminal solicitation, or criminal conspiracy to commit one of these felonies; or

(b) Any federal or out-of-state conviction for an offense that under the laws of this state would be a felony classified as a serious violent offense under (a) of this subsection.

(42) "Sex offense" means:

(a)(i) A felony that is a violation of chapter 9A.44 RCW other than RCW 9A.44.130(~~((11))~~) (12);

(ii) A violation of RCW 9A.64.020;

(iii) A felony that is a violation of chapter 9.68A RCW other than RCW 9.68A.080; or

(iv) A felony that is, under chapter 9A.28 RCW, a criminal attempt, criminal solicitation, or criminal conspiracy to commit such crimes;

(b) Any conviction for a felony offense in effect at any time prior to July 1, 1976, that is comparable to a felony classified as a sex offense in (a) of this subsection;

(c) A felony with a finding of sexual motivation under RCW 9.94A.835 or 13.40.135; or

(d) Any federal or out-of-state conviction for an offense that under the laws of this state would be a felony classified as a sex offense under (a) of this subsection.

(43) "Sexual motivation" means that one of the purposes for which the defendant committed the crime was for the purpose of his or her sexual gratification.

(44) "Standard sentence range" means the sentencing court's discretionary range in imposing a nonappealable sentence.

(45) "Statutory maximum sentence" means the maximum length of time for which an offender may be confined as punishment for a crime as prescribed in chapter 9A.20 RCW, RCW 9.92.010, the statute defining the crime, or other statute defining the maximum penalty for a crime.

(46) "Stranger" means that the victim did not know the offender twenty-four hours before the offense.

(47) "Total confinement" means confinement inside the physical boundaries of a facility or institution operated or utilized under contract by the state or any other unit of government for twenty-four hours a day, or pursuant to RCW 72.64.050 and 72.64.060.

(48) "Transition training" means written and verbal instructions and assistance provided by the department to the offender during the two weeks prior to the offender's successful completion of the work ethic camp program. The transition training shall include instructions in the offender's requirements and obligations during the offender's period of community custody.

(49) "Victim" means any person who has sustained emotional, psychological, physical, or financial injury to person or property as a direct result of the crime charged.

(50) "Violent offense" means:

(a) Any of the following felonies:

(i) Any felony defined under any law as a class A felony or an attempt to commit a class A felony;

(ii) Criminal solicitation of or criminal conspiracy to commit a class A felony;

(iii) Manslaughter in the first degree;

(iv) Manslaughter in the second degree;

(v) Indecent liberties if committed by forcible compulsion;

(vi) Kidnapping in the second degree;

(vii) Arson in the second degree;

(viii) Assault in the second degree;

(ix) Assault of a child in the second degree;

(x) Extortion in the first degree;

(xi) Robbery in the second degree;

(xii) Drive-by shooting;

(xiii) Vehicular assault, when caused by the operation or driving of a vehicle by a person while under the influence of intoxicating liquor or any drug or by the operation or driving of a vehicle in a reckless manner; and

(xiv) Vehicular homicide, when proximately caused by the driving of any vehicle by any person while under the influence of intoxicating liquor or any

drug as defined by RCW 46.61.502, or by the operation of any vehicle in a reckless manner;

(b) Any conviction for a felony offense in effect at any time prior to July 1, 1976, that is comparable to a felony classified as a violent offense in (a) of this subsection; and

(c) Any federal or out-of-state conviction for an offense that under the laws of this state would be a felony classified as a violent offense under (a) or (b) of this subsection.

(51) "Work crew" means a program of partial confinement consisting of civic improvement tasks for the benefit of the community that complies with RCW 9.94A.725.

(52) "Work ethic camp" means an alternative incarceration program as provided in RCW 9.94A.690 designed to reduce recidivism and lower the cost of corrections by requiring offenders to complete a comprehensive array of real-world job and vocational experiences, character-building work ethics training, life management skills development, substance abuse rehabilitation, counseling, literacy training, and basic adult education.

(53) "Work release" means a program of partial confinement available to offenders who are employed or engaged as a student in a regular course of study at school.

NEW SECTION. Sec. 2. This act may be known and cited as the Chelsea Harrison act.

Passed by the Senate February 15, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 13, 2008.

Filed in Office of Secretary of State March 13, 2008.

CHAPTER 8

[Engrossed Substitute House Bill 2438]

HOUND HUNTING—COUGARS

AN ACT Relating to adding permanency to a pilot project that allowed for the use of dogs in cougar hunting; and amending 2007 c 178 ss 1 and 2 (uncodified).

Be it enacted by the Legislature of the State of Washington:

Sec. 1. 2007 c 178 s 1 (uncodified) is amended to read as follows:

(1)(a) The department of fish and wildlife, in cooperation and collaboration with the county legislative authorities of Ferry, Stevens, Pend Oreille, Chelan, and Okanogan counties, shall recommend rules to establish a three-year pilot program within select game management units of these counties, to pursue or kill cougars with the aid of dogs.

(b) A pursuit season and a kill season with the aid of dogs must be established through the fish and wildlife commission's rule-making process, utilizing local dangerous wildlife task teams comprised of the two collaborating authorities. The two collaborating authorities shall also develop a more effective and accurate dangerous wildlife reporting system to ensure a timely response.

(c) The pilot program's primary goals are to provide for public safety, to protect property, and to assess cougar populations.

(2) Any rules adopted by the fish and wildlife commission to establish a pilot project allowing for the pursuit or hunting of cougars with the aid of dogs under this section only must ensure that all pursuits or hunts are:

- (a) Designed to protect public safety or property;
- (b) Reflective of the most current cougar population data;
- (c) Designed to generate data that is necessary for the department to satisfy the reporting requirements of section 3 of this act; and
- (d) Consistent with any applicable recommendations emerging from research on cougar population dynamics in a multiprey environment (~~(conducted by Washington State University's department of natural resource sciences that was)~~ funded in whole or in part by the department of fish and wildlife.

(3) The department of fish and wildlife may authorize (~~(one)~~) three additional seasons in which cougars may be pursued or killed with dogs, subject to the other conditions of the pilot project. (~~(This)~~) The additional ((season is)) seasons are authorized to ((avoid a lag in cougar management and conditioning between the end of the third pilot cougar season and the time needed for the 2008 legislature to consider the report provided under section 3, chapter 264, Laws of 2004, and is not intended to be considered as part of the study period)) aid the department in the gathering of information necessary to formulate a recommendation to the legislature regarding whether a permanent program is warranted, and if so, what constraints, goals, and objectives should be included in a permanent program.

Sec. 2. 2007 c 178 s 2 (uncodified) is amended to read as follows:

A county legislative authority may request inclusion in the (~~(fourth and final year))~~ additional three years of the cougar control pilot project authorized by (~~(chapter 264, Laws of 2004))~~ section 1 of this act after taking the following actions:

- (1) Adopting a resolution that requests inclusion in the pilot project;
- (2) Documenting the need to participate in the pilot project by identifying the number of cougar/human encounters and livestock and pet depredations;
- (3) Developing and agreeing to the implementation of an education program designed to disseminate to landowners and other citizens information about predator exclusion techniques and devices and other nonlethal methods of cougar management; and
- (4) Demonstrating that existing cougar depredation permits, public safety cougar hunts, or other existing wildlife management tools have not been sufficient to deal with cougar incidents in the county.

Passed by the House February 19, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 13, 2008.

Filed in Office of Secretary of State March 13, 2008.

CHAPTER 9

[Senate Bill 6183]

SCHOOL DISTRICTS—FIRST-CLASS

AN ACT Relating to dissolution of school directors' districts in first-class school districts; and reenacting and amending RCW 28A.343.050.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28A.343.050 and 1990 c 161 s 3 and 1990 c 33 s 326 are each reenacted and amended to read as follows:

Upon receipt by the educational service district superintendent of a resolution adopted by the board of directors or a written petition from a first-class or second-class school district signed by at least twenty percent of the registered voters of a school district previously divided into directors' districts, which resolution or petition shall request dissolution of the existing directors' districts and reapportionment of the district into no fewer than three directors' districts and with no more than two directors at large, the superintendent, after formation of the question to be submitted to the voters, shall give notice thereof to the county auditor who shall call and hold a special election of the voters of the entire school district to approve or reject such proposal, such election to be called, conducted and the returns canvassed as in regular school district elections.

If approval of a majority of those registered voters voting in said election is acquired, at the expiration of terms of the incumbent directors of such school district their successors shall be elected in the manner approved.

Passed by the Senate February 11, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 13, 2008.

Filed in Office of Secretary of State March 13, 2008.

CHAPTER 10

[Substitute Senate Bill 6260]

OUTDOOR RECREATION—TERMINALLY OR SERIOUSLY ILL PERSONS

AN ACT Relating to enhancing the department of fish and wildlife's ability to facilitate outdoor recreation opportunities for a terminally ill person; amending RCW 77.15.650 and 77.32.250; adding a new section to chapter 77.32 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. **Sec. 1.** A new section is added to chapter 77.32 RCW to read as follows:

(1) In order to facilitate hunting and fishing opportunities for a terminally ill person, the director may provide any licenses, tags, permits, stamps, and other fees without charge including transaction and dealer fees.

(2) The director may accept special permits or other special hunting opportunities, including raffle tags, auction tags, and multiple season opportunities from donors seeking to facilitate hunting opportunities for a terminally ill person. The director shall distribute these donations pursuant to rules adopted under subsection (4) of this section.

(3) The director may take other actions consistent with facilitating hunting and fishing opportunities for a terminally ill person. These actions may include, but are not limited to, entering into agreements with willing landowners pursuant to RCW 77.12.320.

(4) In addition to rules required under subsection (2) of this section, the commission may adopt rules as necessary to effectuate the purpose and policies of this section.

Sec. 2. RCW 77.15.650 and 2000 c 107 s 256 are each amended to read as follows:

(1) A person is guilty of unlawful purchase or use of a license in the second degree if the person buys, holds, uses, displays, transfers, or obtains any license, tag, permit, or approval required by this title and the person:

(a) Uses false information to buy, hold, use, display, or obtain a license, permit, tag, or approval;

(b) Acquires, holds, or buys in excess of one license, permit, or tag for a license year if only one license, permit, or tag is allowed per license year;

(c) Except as authorized under section 1 of this act, uses or displays a license, permit, tag, or approval that was issued to another person;

(d) Except as authorized under section 1 of this act, permits or allows a license, permit, tag, or approval to be used or displayed by another person not named on the license, permit, tag, or approval;

(e) Acquires or holds a license while privileges for the license are revoked or suspended.

(2) A person is guilty of unlawful purchase or use of a license in the first degree if the person commits the act described by subsection (1) of this section and the person was acting with intent that the license, permit, tag, or approval be used for any commercial purpose. A person is presumed to be acting with such intent if the violation involved obtaining, holding, displaying, or using a license or permit for participation in any commercial fishery issued under this title or a license authorizing fish or wildlife buying, trafficking, or wholesaling.

(3)(a) Unlawful purchase or use of a license in the second degree is a gross misdemeanor. Upon conviction, the department shall revoke any unlawfully used or held licenses and order a two-year suspension of participation in the activities for which the person unlawfully obtained, held, or used a license.

(b) Unlawful purchase or use of a license in the first degree is a class C felony. Upon conviction, the department shall revoke any unlawfully used or held licenses and order a five-year suspension of participation in any activities for which the person unlawfully obtained, held, or used a license.

(4) For purposes of this section, a person "uses" a license, permit, tag, or approval if the person engages in any activity authorized by the license, permit, tag, or approval held or possessed by the person. Such uses include but are not limited to fishing, hunting, taking, trapping, delivery or landing fish or wildlife, and selling, buying, or wholesaling of fish or wildlife.

(5) Any license obtained in violation of this section is void upon issuance and is of no legal effect.

Sec. 3. RCW 77.32.250 and 2001 c 253 s 51 are each amended to read as follows:

Except as authorized in section 1 of this act, licenses, permits, tags, and stamps required by this chapter and raffle tickets authorized under this chapter shall not be transferred.

NEW SECTION. Sec. 4. This act may be known and cited as the Senator Bob Oke memorial act.

Passed by the Senate February 12, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 13, 2008.

Filed in Office of Secretary of State March 13, 2008.

CHAPTER 11

[Senate Bill 6283]

APPLE COMMISSION—MEMBERSHIP

AN ACT Relating to membership on the apple commission; amending RCW 15.24.035 and 15.24.040; and adding a new section to chapter 15.24 RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 15.24.035 and 2004 c 178 s 5 are each amended to read as follows:

- (1) The director shall appoint the members of the commission.
- (2) Candidates for positions on the commission shall be nominated to the director in accordance with subsection (3) of this section.
- (3) Not less than sixty days nor more than seventy-five days prior to the commencement of a commission member's term, the commission shall cause an advisory vote to be held for the director-appointed positions. Advisory ballots shall be mailed to all affected producers for producer positions and to affected dealers for dealer positions and shall be returned to the commission not less than thirty days prior to the commencement of the term. The advisory ballot shall be conducted in a manner so that it is a secret ballot. The names of the two candidates receiving the most votes in the advisory vote shall be forwarded to the director for potential appointment to the commission. In the event only two candidates are nominated for a position, an advisory vote need not be held and the candidates' names shall be forwarded to the director for potential appointment. If only one candidate is nominated for a position, ~~((the commission shall select a second candidate whose name will be forwarded to))~~ the director has the discretion to appoint or reject the candidate.
- (4) Any candidate whose name is forwarded to the director for potential appointment shall submit to the director a letter stating why he or she wishes to be appointed to the commission. The director may select ~~((either person))~~ any candidate for the position or may reject ~~((both nominees))~~ all candidates and request a new advisory vote with nominees selected by the commission and, if desired, by the director.

Sec. 2. RCW 15.24.040 and 2004 c 178 s 6 are each amended to read as follows:

The commission shall call a meeting of apple growers, and meetings of apple dealers in dealer district No. 1 and dealer district No. 2 for the purpose of nominating to the advisory ballot for nomination to the director their respective members of the commission, when a term is about to expire, or when a vacancy exists, except as provided in RCW 15.24.050, as amended, at times and places to be fixed by the commission. The meetings shall be held ~~((not later than February 15th of))~~ each year and insofar as practicable, the meetings of the growers shall be held at the same time and place as the annual meeting of the Washington state horticultural association, or the annual meeting of any other producer organization which represents a majority of the state's apple producers, as determined by the commission, but not while the same is in actual session.

Public notice of such meetings shall be given by the commission in such manner as it may determine: PROVIDED, That nonreceipt of the notice by any interested person shall not invalidate the proceedings. Any qualified person may be nominated orally for such positions at the respective meetings. Nominations may also be made within five days after any such meeting by written petition filed in the office of the commission, signed by not less than five apple growers or dealers, as the case may be, residing within the district or within the subdivision if the nomination is made from a subdivision.

Nominees to be forwarded to the director for appointment to producer positions on the commission shall be selected by a majority of the votes cast by the apple growers in the respective districts. Each grower who operates a commercial producing apple orchard within the district being represented, whether an individual proprietor, partnership, joint venture, or corporation, is entitled to one vote. As to bona fide leased or rented orchards, only the lessee-operator, if otherwise qualified, shall be entitled to vote. An individual commercial orchard operator, if otherwise qualified, shall be entitled to vote as such, even though he or she is also a member of a partnership or corporation which votes for other apple acreage. Nominees to be forwarded to the director for appointment to dealer positions on the commission shall be selected by a majority of the votes cast by the apple dealers in the respective districts, each dealer being entitled to one vote.

NEW SECTION. Sec. 3. A new section is added to chapter 15.24 RCW to read as follows:

If a commission member fails or refuses to perform his or her duties due to excessive absence or abandonment of his or her position or engages in any acts of dishonesty or willful misconduct, the commission may recommend to the director that the commission member be removed from his or her position on the commission. Upon receiving such recommendation, the director shall review the matter, including any statement from the commission member who is the subject of the recommendation, and determine whether adequate cause for removal is present. If the director finds that adequate cause for removal exists, the director shall remove the member from his or her commission position. The position shall then be declared vacant and must be filled pursuant to the provisions of this chapter for filling vacancies.

Passed by the Senate February 12, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 13, 2008.

Filed in Office of Secretary of State March 13, 2008.

CHAPTER 12

[Senate Bill 6284]

DAIRY PRODUCTS COMMISSION—MEMBERSHIP

AN ACT Relating to the dairy products commission; amending RCW 15.44.020, 15.44.021, 15.44.030, and 15.44.032; and adding a new section to chapter 15.44 RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 15.44.020 and 2003 c 396 s 24 are each amended to read as follows:

The dairy products commission shall be composed of not more than ~~((ten))~~ nine members. There shall be one member from each district who shall be a practical producer of dairy products ~~((;))~~ and one member shall be a dealer ~~((; and one member shall be a producer who also acts as a dealer))~~. The director of agriculture shall be a voting member of the commission.

As used in this chapter, "director" means the director of agriculture or his or her authorized representative.

Sec. 2. RCW 15.44.021 and 2003 c 396 s 25 are each amended to read as follows:

(1) The director shall appoint the members of the commission.

(2) Candidates for producer member positions on the commission shall be nominated under RCW 15.44.033.

(3) The director shall cause an advisory vote to be held for the producer member positions. Advisory ballots shall be mailed to all affected producers in the district where a vacancy is about to occur and shall be returned to the director not less than thirty days prior to the commencement of the term. The advisory ballot shall be conducted in a manner so that it is a secret ballot. The names of the two candidates receiving the most votes in the advisory vote shall be forwarded to the director for potential appointment to the commission. In the event there are only two candidates nominated for a position, an advisory vote may not be held and the candidates' names shall be forwarded to the director for potential appointment. If only one candidate is nominated for a position, the ~~((commission shall select a second candidate whose name will be forwarded to the))~~ director has the discretion to appoint or reject the candidate.

(4) Any candidate whose name is forwarded to the director for potential appointment shall submit to the director a letter stating why he or she wishes to be appointed to the commission. The director may select ~~((either person))~~ any candidate for the position or may reject all candidates and request a new advisory vote with nominees selected by the commission or, if the commission desires, by the director.

Sec. 3. RCW 15.44.030 and 1975 1st ex.s. c 136 s 2 are each amended to read as follows:

Each of the producer members of the commission shall:

(1) Be a citizen and resident of this state and the district which he or she represents; and

(2) Be and for the five years last preceding his or her election have been actually engaged as an owner or shareholder in producing dairy products within this state. These qualifications must continue during each member's term of office.

The dealer member shall be actively engaged as a dealer in dairy products or employed in a dealer capacity as an officer or employee at management level in a dairy products organization.

Sec. 4. RCW 15.44.032 and 1975 1st ex.s. c 136 s 3 are each amended to read as follows:

The regular term of office of each producer member of the commission shall be three years. Commission members shall be first nominated and elected in 1966 in the manner set forth in RCW 15.44.033 and shall take office as soon as

they are qualified. However, expiration of the term of the respective commission members first elected in 1966 shall be as follows:

- (1) District I and II on July 1, 1967;
- (2) District III and IV on July 1, 1968; and
- (3) District V, VI and VII on July 1, 1969.

The respective terms shall end on July 1st of each third year thereafter. Any vacancies that occur on the commission shall be filled by appointment by the ~~((other members of the commission, and such))~~ director from a list of candidates forwarded to the director by the commission. If only one name is forwarded, the director has the discretion to appoint or reject the candidate and, if rejected, request additional candidates. The appointee shall hold office for the remainder of the term for which he or she is appointed to fill, so that commission memberships shall be on a uniform staggered basis.

The term of office of the first dealer appointed by the director shall expire July 1, 1977~~((and the term of office of the first producer who also acts as a dealer appointed by the director shall expire on July 1, 1978))~~. The term of office of each dealer ~~((and each producer who also acts as a dealer))~~ shall be three years or until such time as a successor is duly appointed. Any vacancy for a dealer ~~((or a producer who also acts as a dealer))~~ shall be forthwith filled by the director. The director, in making any appointments set forth herein, may consider lists of nominees supplied ~~((him))~~ by dealers or producers also acting as dealers.

NEW SECTION, Sec. 5. A new section is added to chapter 15.44 RCW to read as follows:

If a commission member fails or refuses to perform his or her duties due to excessive absence or abandonment of his or her position or engages in any acts of dishonesty or willful misconduct, the commission may recommend to the director that the commission member be removed from his or her position on the commission. Upon receiving such a recommendation, the director shall review the matter, including any statement from the commission member who is the subject of the recommendation, and determine whether adequate cause for removal is present. If the director finds that adequate cause for removal exists, the director shall remove the member from his or her commission position. The position shall then be declared vacant and will be filled pursuant to the provisions of this chapter for filling vacancies.

Passed by the Senate February 12, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 13, 2008.

Filed in Office of Secretary of State March 13, 2008.

CHAPTER 13

[Senate Bill 6464]

DISTRICT COURTS—REMOVING DEFINITION

AN ACT Relating to judicial district population estimates; and amending RCW 3.30.010.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 3.30.010 and 1984 c 258 s 3 are each amended to read as follows:

As used in this chapter unless the context clearly requires otherwise:

"City" means an incorporated city or town.

"Department" means an administrative unit of a district court established for the orderly and efficient administration of business and may include, without being limited in scope thereby, a unit or units for determining traffic cases, violations of city ordinances, violations of state law, criminal cases, civil cases, or jury cases.

~~("Population" means the latest population of the judicial district of each county as estimated and certified by the office of financial management. The office of financial management, on or before May 1, 1970 and on or before May 1st each four years thereafter, shall estimate and certify to the county legislative authority the population of each judicial district of each county.)~~

Passed by the Senate February 15, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 13, 2008.

Filed in Office of Secretary of State March 13, 2008.

CHAPTER 14

[Engrossed Second Substitute House Bill 2815]

GREENHOUSE GAS EMISSIONS

AN ACT Relating to creating a framework for reducing greenhouse gases emissions in the Washington economy; amending RCW 70.94.151, 70.94.161, and 28B.50.273; adding a new section to chapter 47.01 RCW; adding a new section to chapter 43.330 RCW; adding a new chapter to Title 70 RCW; creating a new section; and repealing RCW 80.80.020.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. **Sec. 1.** (1) The legislature finds that Washington has long been a national and international leader on energy conservation and environmental stewardship, including air quality protection, renewable energy development and generation, emission standards for fossil-fuel based energy generation, energy efficiency programs, natural resource conservation, vehicle emission standards, and the use of biofuels. Washington is also unique among most states in that in addition to its commitment to reduce emissions of greenhouse gases, it has established goals to grow the clean energy sector and reduce the state's expenditures on imported fuels.

(2) The legislature further finds that Washington should continue its leadership on climate change policy by creating accountability for achieving the emission reductions established in section 3 of this act, participating in the design of a regional multisector market-based system to help achieve those emission reductions, assessing other market strategies to reduce emissions of greenhouse gases, and ensuring the state has a well trained workforce for our clean energy future.

(3) It is the intent of the legislature that the state will: (a) Limit and reduce emissions of greenhouse gas consistent with the emission reductions established in section 3 of this act; (b) minimize the potential to export pollution, jobs, and economic opportunities; and (c) reduce emissions at the lowest cost to Washington's economy, consumers, and businesses.

(4) In the event the state elects to participate in a regional multisector market-based system, it is the intent of the legislature that the system will

become effective by January 1, 2012, after authority is provided to the department for its implementation. By acting now, Washington businesses and citizens will have adequate time and opportunities to be well positioned to take advantage of the low-carbon economy and to make necessary investments in low-carbon technology.

(5) It is also the intent of the legislature that the regional multisector market-based system recognize Washington's unique emissions portfolio, including the state's hydroelectric system, the opportunities presented by Washington's abundant forest resources and agriculture land, and the state's leadership in energy efficiency and the actions it has already taken that have reduced its generation of greenhouse gas emissions and that entities receive appropriate credit for early actions to reduce greenhouse gases.

(6) If any revenues that accrue to the state are created by a market system, they must be used to further the state's efforts to achieve the goals established in section 3 of this act, address the impacts of global warming on affected habitats, species, and communities, and increase investment in the clean energy economy particularly for communities and workers that have suffered from heavy job losses and chronic unemployment and underemployment.

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

(1) "Carbon dioxide equivalents" means a metric measure used to compare the emissions from various greenhouse gases based upon their global warming potential.

(2) "Climate advisory team" means the stakeholder group formed in response to executive order 07-02.

(3) "Climate impacts group" means the University of Washington's climate impacts group.

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

(5) "Direct emissions" means emissions of greenhouse gases from sources of emissions, including stationary combustion sources, mobile combustion emissions, process emissions, and fugitive emissions.

(6) "Director" means the director of the department.

(7) "Greenhouse gas" and "greenhouse gases" includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

(8) "Indirect emissions" means emissions of greenhouse gases associated with the purchase of electricity, heating, cooling, or steam.

(9) "Person" means an individual, partnership, franchise holder, association, corporation, a state, a city, a county, or any subdivision or instrumentality of the state.

(10) "Program" means the department's climate change program.

(11) "Total emissions of greenhouse gases" means all direct emissions and all indirect emissions.

(12) "Western climate initiative" means the collaboration of states, Canadian provinces, Mexican states, and tribes to design a multisector market-based mechanism as directed under the western regional climate action initiative signed by the governor on February 22, 2007.

NEW SECTION. Sec. 3. (1)(a) The state shall limit emissions of greenhouse gases to achieve the following emission reductions for Washington state:

(i) By 2020, reduce overall emissions of greenhouse gases in the state to 1990 levels;

(ii) By 2035, reduce overall emissions of greenhouse gases in the state to twenty-five percent below 1990 levels;

(iii) By 2050, the state will do its part to reach global climate stabilization levels by reducing overall emissions to fifty percent below 1990 levels, or seventy percent below the state's expected emissions that year.

(b) By December 1, 2008, the department shall submit a greenhouse gas reduction plan for review and approval to the legislature, describing those actions necessary to achieve the emission reductions in (a) of this subsection by using existing statutory authority and any additional authority granted by the legislature. Actions taken using existing statutory authority may proceed prior to approval of the greenhouse gas reduction plan.

(c) Except where explicitly stated otherwise, nothing in this act limits any state agency authorities as they existed prior to the effective date of this section.

(d) Consistent with this directive, the department shall take the following actions:

(i) Develop and implement a system for monitoring and reporting emissions of greenhouse gases as required under RCW 70.94.151; and

(ii) Track progress toward meeting the emission reductions established in this subsection, including the results from policies currently in effect that have been previously adopted by the state and policies adopted in the future, and report on that progress.

(2) By December 31st of each even-numbered year beginning in 2010, the department and the department of community, trade, and economic development shall report to the governor and the appropriate committees of the senate and house of representatives the total emissions of greenhouse gases for the preceding two years, and totals in each major source sector. The department shall ensure the reporting rules adopted under RCW 70.94.151 allow it to develop a comprehensive inventory of emissions of greenhouse gases from all significant sectors of the Washington economy.

(3) Except for purposes of reporting, emissions of carbon dioxide from industrial combustion of biomass in the form of fuel wood, wood waste, wood byproducts, and wood residuals shall not be considered a greenhouse gas as long as the region's silvicultural sequestration capacity is maintained or increased.

NEW SECTION. Sec. 4. (1)(a) The director shall develop, in coordination with the western climate initiative, a design for a regional multisector market-based system to limit and reduce emissions of greenhouse gas consistent with the emission reductions established in section 3(1) of this act.

(b) By December 1, 2008, the director and the director of the department of community, trade, and economic development shall deliver to the legislature specific recommendations for approval and request for authority to implement the preferred design of a regional multisector market-based system in (a) of this subsection. These recommendations must include:

(i) Proposed legislation, necessary funding, and the schedule necessary to implement the preferred design by January 1, 2012;

(ii) Any changes determined necessary to the reporting requirements established under RCW 70.94.151; and

(iii) Actions that the state should take to prevent manipulation of the multisector market-based system designed under this section.

(2) In developing the design for the regional multisector market-based system under subsection (1) of this section, the department shall consult with the affected state agencies, and provide opportunity for public review and comment.

(3) In addition to the information required under subsection (1)(b) of this section, the director and the director of the department of community, trade, and economic development shall submit the following to the legislature by December 1, 2008:

(a) Information on progress to date in achieving the requirements of this act;

(b) The final recommendations of the climate advisory team, including recommended most promising actions to reduce emissions of greenhouse gases or otherwise respond to climate change. These recommendations must include strategies to reduce the quantity of emissions of greenhouse gases per distance traveled in the transportation sector;

(c) A request for additional resources and statutory authority needed to limit and reduce emissions of greenhouse gas consistent with this act including implementation of the most promising recommendations of the climate advisory team;

(d) Recommendations on how projects funded by the green energy incentive account in RCW 43.325.040 may be used to expand the electrical transmission infrastructure into urban and rural areas of the state for purposes of allowing the recharging of plug-in hybrid electric vehicles;

(e) Recommendations on how local governments could participate in the multisector market-based system designed under subsection (1) of this section;

(f) Recommendations regarding the circumstances under which generation of electricity or alternative fuel from landfill gas and gas from anaerobic digesters may receive an offset or credit in the regional multisector market-based system or other strategies developed by the department; and

(g) Recommendations developed in consultation with the department of natural resources and the department of agriculture with the climate advisory team, the college of forest resources at the University of Washington, and the Washington State University, and a nonprofit consortium involved in research on renewable industrial materials, regarding how forestry and agricultural lands and practices may participate voluntarily as an offset or other credit program in the regional multisector market-based system. The recommendations must ensure that the baseline for this offset or credit program does not disadvantage this state in relation to another state or states. These recommendations shall address:

(i) Commercial and other working forests, including accounting for site-class specific forest management practices;

(ii) Agricultural and forest products, including accounting for substitution of wood for fossil intensive substitutes;

(iii) Agricultural land and practices;

(iv) Forest and agricultural lands set aside or managed for conservation as of, or after, the effective date of this section; and

(v) Reforestation and afforestation projects.

Sec. 5. RCW 70.94.151 and 2005 c 138 s 1 are each amended to read as follows:

(1) The board of any activated authority or the department, may classify air contaminant sources, by ordinance, resolution, rule or regulation, which in its judgment may cause or contribute to air pollution, according to levels and types of emissions and other characteristics which cause or contribute to air pollution, and may require registration or reporting or both for any such class or classes. Classifications made pursuant to this section may be for application to the area of jurisdiction of such authority, or the state as a whole or to any designated area within the jurisdiction, and shall be made with special reference to effects on health, economic and social factors, and physical effects on property.

(2) Except as provided in subsection (3) of this section, any person operating or responsible for the operation of air contaminant sources of any class for which the ordinances, resolutions, rules or regulations of the department or board of the authority, require registration ~~((and))~~ or reporting shall register therewith and make reports containing information as may be required by such department or board concerning location, size and height of contaminant outlets, processes employed, nature of the contaminant emission and such other information as is relevant to air pollution and available or reasonably capable of being assembled. In the case of emissions of greenhouse gases as defined in section 2 of this act the department shall adopt rules requiring reporting of those emissions. The department or board may require that such registration or reporting be accompanied by a fee, and may determine the amount of such fee for such class or classes: PROVIDED, That the amount of the fee shall only be to compensate for the costs of administering such registration or reporting program which shall be defined as initial registration and annual or other periodic reports from the source owner providing information directly related to air pollution registration, on-site inspections necessary to verify compliance with registration requirements, data storage and retrieval systems necessary for support of the registration program, emission inventory reports and emission reduction credits computed from information provided by sources pursuant to registration program requirements, staff review, including engineering or other reliable analysis for accuracy and currentness, of information provided by sources pursuant to registration program requirements, clerical and other office support provided in direct furtherance of the registration program, and administrative support provided in directly carrying out the registration program: PROVIDED FURTHER, That any such registration made with either the board or the department shall preclude a further registration and reporting with any other board or the department, except that emissions of greenhouse gases as defined in section 2 of this act must be reported as required under subsection (5) of this section.

All registration program and reporting fees collected by the department shall be deposited in the air pollution control account. All registration program fees collected by the local air authorities shall be deposited in their respective treasuries.

(3) If a registration or report has been filed for a grain warehouse or grain elevator as required under this section, registration, reporting, or a registration program fee shall not, after January 1, 1997, again be required under this section for the warehouse or elevator unless the capacity of the warehouse or elevator as

listed as part of the license issued for the facility has been increased since the date the registration or reporting was last made. If the capacity of the warehouse or elevator listed as part of the license is increased, any registration or reporting required for the warehouse or elevator under this section must be made by the date the warehouse or elevator receives grain from the first harvest season that occurs after the increase in its capacity is listed in the license.

This subsection does not apply to a grain warehouse or grain elevator if the warehouse or elevator handles more than ten million bushels of grain annually.

(4) For the purposes of subsection (3) of this section:

(a) A "grain warehouse" or "grain elevator" is an establishment classified in standard industrial classification (SIC) code 5153 for wholesale trade for which a license is required and includes, but is not limited to, such a licensed facility that also conducts cleaning operations for grain;

(b) A "license" is a license issued by the department of agriculture licensing a facility as a grain warehouse or grain elevator under chapter 22.09 RCW or a license issued by the federal government licensing a facility as a grain warehouse or grain elevator for purposes similar to those of licensure for the facility under chapter 22.09 RCW; and

(c) "Grain" means a grain or a pulse.

(5)(a) The department shall adopt rules requiring the reporting of emissions of greenhouse gases as defined in section 2 of this act. The rules must include a de minimis amount of emissions below which reporting will not be required for both indirect and direct emissions. The rules must require that emissions of greenhouse gases resulting from the burning of fossil fuels be reported separately from emissions of greenhouse gases resulting from the burning of biomass. Except as provided in (b) of this subsection, the department shall, under the authority granted in subsection (1) of this section, adopt rules requiring any owner or operator: (i) Of a fleet of on-road motor vehicles that as a fleet emit at least twenty-five hundred metric tons of greenhouse gas annually in the state to report the emissions of greenhouse gases generated from or emitted by that fleet; or (ii) of a source or combination of sources that emit at least ten thousand metric tons of greenhouse gas annually in the state to report their total annual emissions of greenhouse gases. In calculating emissions of greenhouse gases for purposes of determining whether or not reporting is required, only direct emissions shall be included. For purposes of reporting emissions of greenhouse gases in this act, "source" means any stationary source as defined in RCW 70.94.030, or mobile source used for transportation of people or cargo. The emissions of greenhouse gases must be reported as carbon dioxide equivalents. The rules must require that persons report 2009 emissions starting in 2010. The rules must establish an annual reporting schedule that takes into account the time needed to allow the owner or operator reporting emissions of greenhouse gases to gather the information needed and to verify the emissions being reported. However, in no event may reports be submitted later than October 31st of the year in which the report is due. The department may phase in the reporting requirements for sources or combinations of sources under (a)(ii) of this subsection until the reporting threshold is met, which must be met by January 1, 2012. The department may from time to time amend the rules to include other persons that emit less than the annual greenhouse gas emissions

levels set out in this subsection if necessary to comply with any federal reporting requirements for emissions of greenhouse gases.

(b) In its rules, the department may defer the reporting requirement under (a) of this subsection for emissions associated with interstate and international commercial aircraft, rail, truck, or marine vessels until (i) there is a federal requirement to report these emissions; or (ii) the department finds that there is a generally accepted reporting protocol for determining interstate emissions from these sources.

(c) The department shall share any reporting information reported to it with the local air authority in which the owner or operator reporting under the rules adopted by the department operates.

(d) The fee provisions in subsection (2) of this section apply to reporting of emissions of greenhouse gases. Owners and operators required to report under (a) of this subsection who fail to report or pay the fee required in subsection (2) of this section are subject to enforcement penalties under this chapter. The department shall enforce the reporting rule requirements unless it approves a local air authority's request to enforce the requirements for sources operating within the authority's jurisdiction.

(e) The energy facility site evaluation council shall, simultaneously with the department, adopt rules that impose greenhouse gas reporting requirements in site certifications on owners or operators of a facility permitted by the energy facility site evaluation council. The greenhouse gas reporting requirements imposed by the energy facility site evaluation council must be the same as the greenhouse gas reporting requirements imposed by the department. The department shall share any information reported to it from facilities permitted by the energy facility site evaluation council with the council, including notice of a facility that has failed to report as required. The energy facility site evaluation council shall contract with the department to monitor the reporting requirements adopted under this section.

(f) In developing its rules, the department shall, with the assistance of the department of transportation, identify a mechanism to report an aggregate estimate of the annual emissions of greenhouse gases generated from or emitted by otherwise unreported on-road motor vehicles.

(g) The inclusion or failure to include any person, source, classes of persons or sources, or types of emissions of greenhouse gases into the department's rules for reporting under this section does not indicate whether such a person, source, or category is appropriate for inclusion in the multisector market-based system designed under section 3 of this act.

(h) Should the federal government adopt rules sufficient to track progress toward the emissions reductions required by this act governing the reporting of greenhouse gases, the department shall amend its rules, as necessary, to seek consistency with the federal rules to ensure duplicate reporting is not required. Nothing in this section requires the department to increase the reporting threshold established in (a) of this subsection or otherwise require the department's rules be identical to the federal rules in scope.

(i) The definitions in section 2 of this act apply throughout this subsection (5) unless the context clearly requires otherwise.

Sec. 6. RCW 70.94.161 and 1993 c 252 s 5 are each amended to read as follows:

The department of ecology, or board of an authority, shall require renewable permits for the operation of air contaminant sources subject to the following conditions and limitations:

(1) Permits shall be issued for a term of five years. A permit may be modified or amended during its term at the request of the permittee, or for any reason allowed by the federal clean air act. The rules adopted pursuant to subsection (2) of this section shall include rules for permit amendments and modifications. The terms and conditions of a permit shall remain in effect after the permit itself expires if the permittee submits a timely and complete application for permit renewal.

(2)(a) Rules establishing the elements for a statewide operating permit program and the process for permit application and renewal consistent with federal requirements shall be established by the department by January 1, 1993. The rules shall provide that every proposed permit must be reviewed prior to issuance by a professional engineer or staff under the direct supervision of a professional engineer in the employ of the permitting authority. The permit program established by these rules shall be administered by the department and delegated local air authorities. Rules developed under this subsection shall not preclude a delegated local air authority from including in a permit its own more stringent emission standards and operating restrictions.

(b) The board of any local air pollution control authority may apply to the department of ecology for a delegation order authorizing the local authority to administer the operating permit program for sources under that authority's jurisdiction. The department shall, by order, approve such delegation, if the department finds that the local authority has the technical and financial resources, to discharge the responsibilities of a permitting authority under the federal clean air act. A delegation request shall include adequate information about the local authority's resources to enable the department to make the findings required by this subsection(~~(; provided)~~). However, any delegation order issued under this subsection shall take effect ninety days after the environmental protection agency authorizes the local authority to issue operating permits under the federal clean air act.

(c) Except for the authority granted the energy facility site evaluation council to issue permits for the new construction, reconstruction, or enlargement or operation of new energy facilities under chapter 80.50 RCW, the department may exercise the authority, as delegated by the environmental protection agency, to administer Title IV of the federal clean air act as amended and to delegate such administration to local authorities as applicable pursuant to (b) of this subsection.

(3) In establishing technical standards, defined in RCW 70.94.030, the permitting authority shall consider and, if found to be appropriate, give credit for waste reduction within the process.

(4) Operating permits shall apply to all sources (a) where required by the federal clean air act, and (b) for any source that may cause or contribute to air pollution in such quantity as to create a threat to the public health or welfare. Subsection (b) of this subsection is not intended to apply to small businesses except when both of the following limitations are satisfied: (i) The source is in an area exceeding or threatening to exceed federal or state air quality standards; and (ii) the department provides a reasonable justification that requiring a source

to have a permit is necessary to meet a federal or state air quality standard, or to prevent exceeding a standard in an area threatening to exceed the standard. For purposes of this subsection "areas threatening to exceed air quality standards" shall mean areas projected by the department to exceed such standards within five years. Prior to identifying threatened areas the department shall hold a public hearing or hearings within the proposed areas.

(5) Sources operated by government agencies are not exempt under this section.

(6) Within one hundred eighty days after the United States environmental protection agency approves the state operating permit program, a person required to have a permit shall submit to the permitting authority a compliance plan and permit application, signed by a responsible official, certifying the accuracy of the information submitted. Until permits are issued, existing sources shall be allowed to operate under presently applicable standards and conditions provided that such sources submit complete and timely permit applications.

(7) All draft permits shall be subject to public notice and comment. The rules adopted pursuant to subsection (2) of this section shall specify procedures for public notice and comment. Such procedures shall provide the permitting agency with an opportunity to respond to comments received from interested parties prior to the time that the proposed permit is submitted to the environmental protection agency for review pursuant to section 505(a) of the federal clean air act. In the event that the environmental protection agency objects to a proposed permit pursuant to section 505(b) of the federal clean air act, the permitting authority shall not issue the permit, unless the permittee consents to the changes required by the environmental protection agency.

(8) The procedures contained in chapter 43.21B RCW shall apply to permit appeals. The pollution control hearings board may stay the effectiveness of any permit issued under this section during the pendency of an appeal filed by the permittee, if the permittee demonstrates that compliance with the permit during the pendency of the appeal would require significant expenditures that would not be necessary in the event that the permittee prevailed on the merits of the appeal.

(9) After the effective date of any permit program promulgated under this section, it shall be unlawful for any person to: (a) Operate a permitted source in violation of any requirement of a permit issued under this section; or (b) fail to submit a permit application at the time required by rules adopted under subsection (2) of this section.

(10) Each air operating permit shall state the origin of and specific legal authority for each requirement included therein. Every requirement in an operating permit shall be based upon the most stringent of the following requirements:

(a) The federal clean air act and rules implementing that act, including provision of the approved state implementation plan;

(b) This chapter and rules adopted thereunder;

(c) In permits issued by a local air pollution control authority, the requirements of any order or regulation adopted by that authority;

(d) Chapter 70.98 RCW and rules adopted thereunder; and

(e) Chapter 80.50 RCW and rules adopted thereunder.

(11) Consistent with the provisions of the federal clean air act, the permitting authority may issue general permits covering categories of permitted sources, and temporary permits authorizing emissions from similar operations at multiple temporary locations.

(12) Permit program sources within the territorial jurisdiction of an authority delegated the operating permit program shall file their permit applications with that authority, except that permit applications for sources regulated on a statewide basis pursuant to RCW 70.94.395 shall be filed with the department. Permit program sources outside the territorial jurisdiction of a delegated authority shall file their applications with the department. Permit program sources subject to chapter 80.50 RCW shall, irrespective of their location, file their applications with the energy facility site evaluation council.

(13) When issuing operating permits to coal fired electric generating plants, the permitting authority shall establish requirements consistent with Title IV of the federal clean air act.

(14)(a) The department and the local air authorities are authorized to assess and to collect, and each source emitting one hundred tons or more per year of a regulated pollutant shall pay an interim assessment to fund the development of the operating permit program during fiscal year 1994.

(b) The department shall conduct a workload analysis and prepare an operating permit program development budget for fiscal year 1994. The department shall allocate among all sources emitting one hundred tons or more per year of a regulated pollutant during calendar year 1992 the costs identified in its program development budget according to a three-tiered model, with each of the three tiers being equally weighted, based upon:

- (i) The number of sources;
- (ii) The complexity of sources; and
- (iii) The size of sources, as measured by the quantity of each regulated pollutant emitted by the source.

(c) Each local authority and the department shall collect from sources under their respective jurisdictions the interim fee determined by the department and shall remit the fee to the department.

(d) Each local authority may, in addition, allocate its fiscal year 1994 operating permit program development costs among the sources under its jurisdiction emitting one hundred tons or more per year of a regulated pollutant during calendar year 1992 and may collect an interim fee from these sources. A fee assessed pursuant to this subsection (14)(d) shall be collected at the same time as the fee assessed pursuant to (c) of this subsection.

(e) The fees assessed to a source under this subsection shall be limited to the first seven thousand five hundred tons for each regulated pollutant per year.

(15)(a) The department shall determine the persons liable for the fee imposed by subsection (14) of this section, compute the fee, and provide by November 1 ~~((of))~~, 1993, the identity of the fee payer with the computation of the fee to each local authority and to the department of revenue for collection. The department of revenue shall collect the fee computed by the department from the fee payers under the jurisdiction of the department. The administrative, collection, and penalty provisions of chapter 82.32 RCW shall apply to the collection of the fee by the department of revenue. The department shall provide technical assistance to the department of revenue for decisions made by the

department of revenue pursuant to RCW 82.32.160 and 82.32.170. All interim fees collected by the department of revenue on behalf of the department and all interim fees collected by local authorities on behalf of the department shall be deposited in the air operating permit account. The interim fees collected by the local air authorities to cover their permit program development costs under subsection (14)(d) of this section shall be deposited in the dedicated accounts of their respective treasuries.

(b) All fees identified in this section shall be due and payable on March 1 ~~((of))~~, 1994, except that the local air pollution control authorities may adopt by rule an earlier date on which fees are to be due and payable. The section 5, chapter 252, Laws of 1993 amendments to RCW 70.94.161 do not have the effect of terminating, or in any way modifying, any liability, civil or criminal, incurred pursuant to the provisions of RCW 70.94.161 (15) and (17) as they existed prior to July 25, 1993.

(16) For sources or source categories not required to obtain permits under subsection (4) of this section, the department or local authority may establish by rule control technology requirements. If control technology rule revisions are made by the department or local authority under this subsection, the department or local authority shall consider the remaining useful life of control equipment previously installed on existing sources before requiring technology changes. The department or any local air authority may issue a general permit, as authorized under the federal clean air act, for such sources.

(17) Emissions of greenhouse gases as defined in section 2 of this act must be reported as required by RCW 70.94.151. The reporting provisions of RCW 70.94.151 shall not apply to any other emissions from any permit program source after the effective date of United States environmental protection agency approval of the state operating permit program.

NEW SECTION. Sec. 7. Within eighteen months of the next and each successive global or national assessment of climate change science, the department shall consult with the climate impacts group at the University of Washington regarding the science on human-caused climate change and provide a report to the legislature summarizing that science and make recommendations regarding whether the greenhouse gas emissions reductions required under section 3 of this act need to be updated.

NEW SECTION. Sec. 8. A new section is added to chapter 47.01 RCW to read as follows:

To support the implementation of RCW 47.04.280 and 47.01.078(4), the department shall adopt broad statewide goals to reduce annual per capita vehicle miles traveled by 2050 consistent with the stated goals of executive order 07-02. Consistent with these goals, the department shall:

(1) Establish the following benchmarks using a statewide baseline of seventy-five billion vehicle miles traveled less the vehicle miles traveled attributable to vehicles licensed under RCW 46.16.070 and weighing ten thousand pounds or more, which are exempt from this section:

(a) Decrease the annual per capita vehicle miles traveled by eighteen percent by 2020;

(b) Decrease the annual per capita vehicle miles traveled by thirty percent by 2035; and

(c) Decrease the annual per capita vehicle miles traveled by fifty percent by 2050;

(2) By July 1, 2008, establish and convene a collaborative process to develop a set of tools and best practices to assist state, regional, and local entities in making progress towards the benchmarks established in subsection (1) of this section. The collaborative process must provide an opportunity for public review and comment and must:

(a) Be jointly facilitated by the department, the department of ecology, and the department of community, trade, and economic development;

(b) Provide for participation from regional transportation planning organizations, the Washington state transit association, the Puget Sound clean air agency, a statewide business organization representing the sale of motor vehicles, at least one major private employer that participates in the commute trip reduction program, and other interested parties, including but not limited to parties representing diverse perspectives on issues relating to growth, development, and transportation;

(c) Identify current strategies to reduce vehicle miles traveled in the state as well as successful strategies in other jurisdictions that may be applicable in the state;

(d) Identify potential new revenue options for local and regional governments to authorize to finance vehicle miles traveled reduction efforts;

(e) Provide for the development of measurement tools that can, with a high level of confidence, measure annual progress toward the benchmarks at the local, regional, and state levels, measure the effects of strategies implemented to reduce vehicle miles traveled and adequately distinguish between common travel purposes, such as moving freight or commuting to work, and measure trends of vehicle miles traveled per capita on a five-year basis;

(f) Establish a process for the department to periodically evaluate progress toward the vehicle miles traveled benchmarks, measure achieved and projected emissions reductions, and recommend whether the benchmarks should be adjusted to meet the state's overall goals for the reduction of greenhouse gas emissions;

(g) Estimate the projected reductions in greenhouse gas emissions if the benchmarks are achieved, taking into account the expected implementation of existing state and federal mandates for vehicle technology and fuels, as well as expected growth in population and vehicle travel;

(h) Examine access to public transportation for people living in areas with affordable housing to and from employment centers, and make recommendations for steps necessary to ensure that areas with affordable housing are served by adequate levels of public transportation; and

(i) By December 1, 2008, provide a report to the transportation committees of the legislature on the collaborative process and resulting recommended tools and best practices to achieve the reduction in annual per capita vehicle miles traveled goals.

(3) Included in the December 1, 2008, report to the transportation committees of the legislature, the department shall identify strategies to reduce vehicle miles traveled in the state as well as successful strategies in other jurisdictions that may be applicable in the state that recognize the differing urban and rural transportation requirements.

(4) Prior to implementation of the goals in this section, the department, in consultation with the department of community, trade, and economic development, cities, counties, local economic development organizations, and local and regional chambers of commerce, shall provide a report to the appropriate committees of the legislature on the anticipated impacts of the goals established in this section on the following:

(a) The economic hardship on small businesses as it relates to the ability to hire and retain workers who do not reside in the county in which they are employed;

(b) Impacts on low-income residents;

(c) Impacts on agricultural employers and their employees, especially on the migrant farmworker community;

(d) Impacts on distressed rural counties; and

(e) Impacts in counties with more than fifty percent of the land base of the county in public or tribal lands.

NEW SECTION. **Sec. 9.** A new section is added to chapter 43.330 RCW to read as follows:

(1) The legislature establishes a comprehensive green economy jobs growth initiative based on the goal of, by 2020, increasing the number of green economy jobs to twenty-five thousand from the eight thousand four hundred green economy jobs the state had in 2004.

(2) The department, in consultation with the employment security department, the state workforce training and education coordinating board, the state board of community and technical colleges, and the higher education coordinating board, shall develop a defined list of terms, consistent with current workforce and economic development terms, associated with green economy industries and jobs.

(3)(a) The employment security department, in consultation with the department, the state workforce training and education coordinating board, the state board for community and technical colleges, the higher education coordinating board, Washington State University small business development center, and the Washington State University extension energy program, shall conduct labor market research to analyze the current labor market and projected job growth in the green economy, the current and projected recruitment and skill requirement of green economy industry employers, the wage and benefits ranges of jobs within green economy industries, and the education and training requirements of entry-level and incumbent workers in those industries.

(b) The University of Washington business and economic development center shall: Analyze the current opportunities for and participation in the green economy by minority and women-owned business enterprises in Washington; identify existing barriers to their successful participation in the green economy; and develop strategies with specific policy recommendations to improve their successful participation in the green economy. The research may be informed by the research of the Puget Sound regional council prosperity partnership, as well as other entities. The University of Washington business and economic development center shall report to the appropriate committees of the house of representatives and the senate on their research, analysis, and recommendations by December 1, 2008.

(4) Based on the findings from subsection (3) of this section, the employment security department, in consultation with the department and taking into account the requirements and goals of this act and other state clean energy and energy efficiency policies, shall propose which industries will be considered high-demand green industries, based on current and projected job creation and their strategic importance to the development of the state's green economy. The employment security department and the department shall take into account which jobs within green economy industries will be considered high-wage occupations and occupations that are part of career pathways to the same, based on family-sustaining wage and benefits ranges. These designations, and the results of the employment security department's broader labor market research, shall inform the planning and strategic direction of the department, the state workforce training and education coordinating board, the state board for community and technical colleges, and the higher education coordinating board.

(5) The department shall identify emerging technologies and innovations that are likely to contribute to advancements in the green economy, including the activities in designated innovation partnership zones established in RCW 43.330.270.

(6) The department, consistent with the priorities established by the state economic development commission, shall:

(a) Develop targeting criteria for existing investments, and make recommendations for new or expanded financial incentives and comprehensive strategies, to recruit, retain, and expand green economy industries and small businesses; and

(b) Make recommendations for new or expanded financial incentives and comprehensive strategies to stimulate research and development of green technology and innovation, including designating innovation partnership zones linked to the green economy.

(7) For the purposes of this section, "target populations" means (a) entry-level or incumbent workers in high-demand green industries who are in, or are preparing for, high-wage occupations; (b) dislocated workers in declining industries who may be retrained for high-wage occupations in high-demand green industries; (c) dislocated agriculture, timber, or energy sector workers who may be retrained for high-wage occupations in high-demand green industries; (d) eligible veterans or national guard members; (e) disadvantaged populations; or (f) anyone eligible to participate in the state opportunity grant program under RCW 28B.50.271.

(8) The legislature directs the state workforce training and education coordinating board to create and pilot green industry skill panels. These panels shall consist of business representatives from industry sectors related to clean energy, labor unions representing workers in those industries or labor affiliates administering state-approved, joint apprenticeship programs or labor-management partnership programs that train workers for these industries, state and local veterans agencies, employer associations, educational institutions, and local workforce development councils within the region that the panels propose to operate, and other key stakeholders as determined by the applicant. Any of these stakeholder organizations are eligible to receive grants under this section and serve as the intermediary that convenes and leads the panel. Panel applicants must provide labor market and industry analysis that demonstrates

high demand, or demand of strategic importance to the development of the state's clean energy economy as identified in this section, for high-wage occupations, or occupations that are part of career pathways to the same, within the relevant industry sector. The panel shall:

(a) Conduct labor market and industry analyses, in consultation with the employment security department, and drawing on the findings of its research when available;

(b) Plan strategies to meet the recruitment and training needs of the industry and small businesses; and

(c) Leverage and align other public and private funding sources.

(9) The green industries jobs training account is created in the state treasury. Moneys from the account must be utilized to supplement the state opportunity grant program established under RCW 28B.50.271. All receipts from appropriations directed to the account must be deposited into the account. Expenditures from the account may be used only for the activities identified in this subsection. The state board for community and technical colleges, in consultation with the state workforce training and education coordinating board, informed by the research of the employment security department and the strategies developed in this section, may authorize expenditures from the account. The state board for community and technical colleges must distribute grants from the account on a competitive basis.

(a)(i) Allowable uses of these grant funds, which should be used when other public or private funds are insufficient or unavailable, may include:

(A) Curriculum development;

(B) Transitional jobs strategies for dislocated workers in declining industries who may be retrained for high-wage occupations in green industries;

(C) Workforce education to target populations; and

(D) Adult basic and remedial education as necessary linked to occupation skills training.

(ii) Allowable uses of these grant funds do not include student assistance and support services available through the state opportunity grant program under RCW 28B.50.271.

(b) Applicants eligible to receive these grants may be any organization or a partnership of organizations that has demonstrated expertise in:

(i) Implementing effective education and training programs that meet industry demand; and

(ii) Recruiting and supporting, to successful completion of those training programs carried out under these grants, the target populations of workers.

(c) In awarding grants from the green industries jobs training account, the state board for community and technical colleges shall give priority to applicants that demonstrate the ability to:

(i) Use labor market and industry analysis developed by the employment security department and green industry skill panels in the design and delivery of the relevant education and training program, and otherwise utilize strategies developed by green industry skills panels;

(ii) Leverage and align existing public programs and resources and private resources toward the goal of recruiting, supporting, educating, and training target populations of workers;

(iii) Work collaboratively with other relevant stakeholders in the regional economy;

(iv) Link adult basic and remedial education, where necessary, with occupation skills training;

(v) Involve employers and, where applicable, labor unions in the determination of relevant skills and competencies and, where relevant, the validation of career pathways; and

(vi) Ensure that supportive services, where necessary, are integrated with education and training and are delivered by organizations with direct access to and experience with the targeted population of workers.

Sec. 10. RCW 28B.50.273 and 2007 c 277 s 201 are each amended to read as follows:

The college board, in partnership with business, labor, and the workforce training and education coordinating board, shall:

(1) Identify job-specific training programs offered by qualified postsecondary institutions that lead to a credential, certificate, or degree in green industry occupations as established in this act, and other high demand occupations, which are occupations where data show that employer demand for workers exceeds the supply of qualified job applicants throughout the state or in a specific region, and where training capacity is underutilized;

(2) Gain recognition of the credentials, certificates, and degrees by Washington's employers and labor organizations. The college board shall designate these recognized credentials, certificates, and degrees as "opportunity grant-eligible programs of study"; and

(3) Market the credentials, certificates, and degrees to potential students, businesses, and apprenticeship programs as a way for individuals to advance in their careers and to better meet the needs of industry.

NEW SECTION. **Sec. 11.** Except where explicitly stated otherwise, nothing in this act alters or limits any authorities of the department as they existed prior to of the effective date of this section.

NEW SECTION. **Sec. 12.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 13.** RCW 80.80.020 (Greenhouse gases emissions reduction—Clean energy economy—Goals—Reports) and 2007 c 307 s 3 are each repealed.

NEW SECTION. **Sec. 14.** Sections 1 through 4, 7, 11, and 12 of this act constitute a new chapter in Title 70 RCW.

NEW SECTION. **Sec. 15.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the House February 19, 2008.

Passed by the Senate March 5, 2008.

Approved by the Governor March 13, 2008.

Filed in Office of Secretary of State March 13, 2008.

CHAPTER 15

[Second Substitute Senate Bill 6626]

COMMUNITY EMPOWERMENT ZONES—TAX DEFERRAL PROGRAM

AN ACT Relating to creating a sales and use tax deferral program for eligible investment projects in community empowerment zones; amending RCW 82.63.030; reenacting and amending RCW 82.32.590 and 82.32.600; adding a new chapter to Title 82 RCW; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. **Sec. 1.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Applicant" means a person applying for a tax deferral under this chapter.

(2) "Corporate headquarters" means a facility or facilities where corporate staff employees are physically employed, and where the majority of the company's management services are handled either on a regional or a national basis. Company management services may include: Accounts receivable and payable, accounting, data processing, distribution management, employee benefit plan, financial and securities accounting, information technology, insurance, legal, merchandising, payroll, personnel, purchasing procurement, planning, reporting and compliance, research and development, tax, treasury, or other headquarters-related services. "Corporate headquarters" does not include a facility or facilities used for manufacturing, wholesaling, or warehousing.

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

(4) "Eligible area" means a designated community empowerment zone approved under RCW 43.31C.020.

(5)(a) "Eligible investment project" means an investment project in a qualified building or buildings in an eligible area, as defined in subsection (4) of this section, which will have employment at the qualified building or buildings of at least three hundred employees in qualified employment positions, each of whom must earn for the year reported at least the average annual wage for the state for that year as determined by the employment security department.

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

(i) The underlying ownership of the building or buildings vests exclusively in the same person; or

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

(B) The lessee that receives the economic benefit of the deferral agrees in writing with the department to complete the annual survey required under section 2 of this act; and

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

(6) "Investment project" means a capital investment of at least thirty million dollars in a qualified building or buildings including tangible personal property and fixtures that will be incorporated as an ingredient or component of such buildings during the course of their construction, and including labor and services rendered in the planning, installation, and construction of the project.

(7) "Manufacture" has the same meaning as provided in RCW 82.04.120.

(8) "Operationally complete" means a date no later than one year from the date the project is issued an occupancy permit by the local permit issuing authority.

(9) "Person" has the same meaning as provided in RCW 82.04.030.

(10) "Qualified building or buildings" means construction of a new structure or structures or expansion of an existing structure or structures to be used for corporate headquarters. If a building is used partly for corporate headquarters and partly for other purposes, the applicable tax deferral is determined by apportionment of the costs of construction under rules adopted by the department.

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

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

(13) "Warehouse" means a building or structure, or any part thereof, in which goods, wares, or merchandise are received for storage for compensation.

(14) "Wholesale sale" has the same meaning as provided in RCW 82.04.060.

NEW SECTION. Sec. 2. (1) Application for deferral of taxes under this chapter can be made at any time prior to completion of construction of a qualified building or buildings, but tax liability incurred prior to the department's receipt of an application may not be deferred. The application must be made to the department in a form and manner prescribed by the department. The application must contain information regarding the location of the investment project, the applicant's average employment in the state for the prior year, estimated or actual new employment related to the project, estimated or actual wages of employees related to the project, estimated or actual costs, time schedules for completion and operation, and other information required by the department. The department must rule on the application within sixty days.

(2)(a) The legislature finds that accountability and effectiveness are important aspects of setting tax policy. In order to make policy choices regarding the best use of limited state resources the legislature needs information on how a tax incentive is used.

(b) Applicants for deferral of taxes under this chapter must agree to complete an annual survey. If the economic benefits of the deferral are passed to a lessee as provided in section 1(5) of this act, the lessee must agree to complete the annual survey and the applicant is not required to complete the annual survey. The survey is due by March 31st of the year following the calendar year in which the investment project is certified by the department as having been operationally complete and the seven succeeding calendar years. The survey must include the amount of tax deferred. The survey must also include the following information for employment positions in Washington:

(i) The number of total employment positions;

(ii) Full-time, part-time, and temporary employment positions as a percent of total employment;

(iii) The number of employment positions according to the following wage bands: Less than thirty thousand dollars; thirty thousand dollars or greater, but less than sixty thousand dollars; and sixty thousand dollars or greater. A wage band containing fewer than three individuals may be combined with another wage band; and

(iv) The number of employment positions that have employer-provided medical, dental, and retirement benefits, by each of the wage bands.

(c) The department may request additional information necessary to measure the results of the deferral program, to be submitted at the same time as the survey.

(d) All information collected under this subsection, except the amount of the tax deferral taken, is deemed taxpayer information under RCW 82.32.330 and is not disclosable. Information on the amount of tax deferral taken is not subject to the confidentiality provisions of RCW 82.32.330 and may be disclosed to the public upon request.

(3) The department must use the information to study the tax deferral program authorized under this chapter. The department must report to the legislature by December 1, 2014, and December 1, 2018. The reports must measure the effect of the program on job creation, the number of jobs created for Washington residents, company growth, the introduction of new products, the diversification of the state's economy, growth in research and development investment, the movement of firms or the consolidation of firms' operations into the state, and such other factors as the department selects. If fewer than three deferrals are granted under this chapter, the department may not report statistical information.

(4) Applications for deferral of taxes under this section may not be made after December 31, 2020.

NEW SECTION. Sec. 3. (1) The department must issue a sales and use tax deferral certificate for state and local sales and use taxes due under chapters 82.08, 82.12, and 82.14 RCW on each eligible investment project meeting the requirements of this chapter.

(2) No certificate may be issued for an investment project that has already received a deferral under chapter 82.60 or 82.63 RCW or this chapter, except that an investment project for qualified research and development that has already received a deferral may also receive an additional deferral certificate for adapting the investment project for use in pilot scale manufacturing.

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

(4) The number of eligible investment projects for which the benefits of this chapter will be allowed is limited to two per biennium. The department must approve deferral certificates for completed applications on a first in-time basis. During any biennium, only one deferral certificate may be issued per community empowerment zone.

Sec. 4. RCW 82.63.030 and 2004 c 2 s 5 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, the department shall issue a sales and use tax deferral certificate for state and local sales and use taxes

due under chapters 82.08, 82.12, and 82.14 RCW on each eligible investment project.

(2) No certificate may be issued for an investment project that has already received a deferral under chapter 82.60 (~~(or 82.61)~~) RCW or this chapter, except that an investment project for qualified research and development that has already received a deferral may also receive an additional deferral certificate for adapting the investment project for use in pilot scale manufacturing.

(3) This section shall expire January 1, 2015.

NEW SECTION. Sec. 5. (1) Except as provided in subsection (2) of this section, taxes deferred under this chapter need not be repaid.

(2)(a) If, on the basis of the survey under section 2 of this act or other information, the department finds that an investment project is no longer an "eligible investment project" under section 1 of this act at any time during the calendar year in which the investment project is certified by the department as having been operationally completed, or at any time during any of the seven succeeding calendar years, a portion of deferred taxes are immediately due according to the following schedule:

Year in which use occurs	% of deferred taxes due
1	100%
2	87.5%
3	75%
4	62.5%
5	50%
6	37.5%
7	25%
8	12.5%

(b) If a recipient of the deferral fails to complete the annual survey required under section 2 of this act by the date due, twelve and one-half percent of the deferred tax is immediately due. If the economic benefits of the deferral are passed to a lessee as provided in section 1(5) of this act, the lessee is responsible for payment to the extent the lessee has received the economic benefit.

(c) If an investment project is meeting the requirement of section 1(5) of this act at any time during the calendar year in which the investment project is certified as having been operationally complete and the recipient of the deferral fails to complete the annual survey due under section 2 of this act, the portion of deferred taxes immediately due is the amount on the schedule in (a) of this subsection. If the economic benefits of the deferral are passed to a lessee as provided in section 1(5) of this act, the lessee is responsible for payment to the extent the lessee has received the economic benefit.

(3) The department must assess interest at the rate provided for delinquent taxes, but not penalties, retroactively to the date of deferral. The debt for deferred taxes will not be extinguished by insolvency or other failure of the recipient. Transfer of ownership does not terminate the deferral. The deferral is

transferred, subject to the successor meeting the eligibility requirements of this chapter, for the remaining periods of the deferral.

NEW SECTION. Sec. 6. The qualified employment positions must be filled by the end of the calendar year following the year in which the project is certified as operationally complete. If a recipient does not meet the requirements for qualified employment positions by the end of the second calendar year following the year in which the project is certified as operationally complete, all deferred taxes are immediately due.

Sec. 7. RCW 82.32.590 and 2006 c 354 s 17, 2006 c 300 s 10, 2006 c 177 s 8, 2006 c 112 s 7, and 2006 c 84 s 7 are each reenacted and amended to read as follows:

(1) If the department finds that the failure of a taxpayer to file an annual survey or annual report under RCW 82.04.4452, 82.32.5351, 82.32.650, 82.32.635, 82.32.640, 82.32.630, 82.32.610, section 2 of this act, or 82.74.040 by the due date was the result of circumstances beyond the control of the taxpayer, the department shall extend the time for filing the survey or report. Such extension shall be for a period of thirty days from the date the department issues its written notification to the taxpayer that it qualifies for an extension under this section. The department may grant additional extensions as it deems proper.

(2) In making a determination whether the failure of a taxpayer to file an annual survey or annual report by the due date was the result of circumstances beyond the control of the taxpayer, the department shall be guided by rules adopted by the department for the waiver or cancellation of penalties when the underpayment or untimely payment of any tax was due to circumstances beyond the control of the taxpayer.

Sec. 8. RCW 82.32.600 and 2007 c 54 s 23 and 2007 c 54 s 22 are each reenacted and amended to read as follows:

(1) Persons required to file annual surveys or annual reports under RCW 82.04.4452 or 82.32.5351, 82.32.610, 82.32.630, 82.32.635, 82.32.640, section 2 of this act, or 82.74.040 must electronically file with the department all surveys, reports, returns, and any other forms or information the department requires in an electronic format as provided or approved by the department. As used in this section, "returns" has the same meaning as "return" in RCW 82.32.050.

(2) Any survey, report, return, or any other form or information required to be filed in an electronic format under subsection (1) of this section is not filed until received by the department in an electronic format.

(3) The department may waive the electronic filing requirement in subsection (1) of this section for good cause shown.

NEW SECTION. Sec. 9. Sections 1 through 3, 5, and 6 of this act constitute a new chapter in Title 82 RCW.

NEW SECTION. Sec. 10. This act takes effect July 1, 2009.

Passed by the Senate March 10, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 14, 2008.

Filed in Office of Secretary of State March 17, 2008.

CHAPTER 16

[Substitute Senate Bill 6604]

CERTIFIED PUBLIC ACCOUNTANTS—LICENSING

AN ACT Relating to enhancing the mobility of certified public accountants; amending RCW 18.04.025, 18.04.195, 18.04.205, 18.04.345, and 18.04.350; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds the multiple state licensing and registering requirements for certified public accountants to be cumbersome and an unnecessary constraint on the consumers of professional certified public accountant services. In the majority of United States jurisdictions, certified public accountants are licensed based on substantially equivalent education, national exam, and experience requirements. Yet in order to serve their various client needs, certified public accountants must often delay service while they first spend countless hours and dollars to register with regulators in the jurisdictions of the client.

To clarify the legislative intent of chapter 294, Laws of 2001, reduce the administrative licensing burden on certified public accountants licensed in any substantially equivalent jurisdiction, and facilitate consumer choice, the legislature intends to eliminate the requirement for out-of-state certified public accountants to notify the Washington state board of accountancy of intent to practice and pay a fee; however, firms providing audit or opinion-type services would be required to be licensed in this state. The requirement for notification will be replaced with "consent to automatic jurisdiction," which clarifies the legal disciplinary authority of the Washington state board of accountancy over out-of-state certified public accountants practicing in Washington state. This allows the board to more efficiently protect consumers while facilitating practice mobility and consumer choice.

Sec. 2. RCW 18.04.025 and 2001 c 294 s 2 are each amended to read as follows:

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

(1) "Board" means the board of accountancy created by RCW 18.04.035.

(2) "Certificate holder" means the holder of a certificate as a certified public accountant who has not become a licensee, has maintained CPE requirements, and who does not practice public accounting.

(3) "Certified public accountant" or "CPA" means a person holding a certified public accountant license or certificate.

(4) "State" includes the states of the United States, the District of Columbia, Puerto Rico, Guam, ~~((and))~~ the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands at such time as the board determines that the Commonwealth of the Northern Mariana Islands is issuing licenses under the substantially equivalent standards in RCW 18.04.350(2)(a).

(5) "Reports on financial statements" means any reports or opinions prepared by licensees or persons holding practice privileges under substantial equivalency, based on services performed in accordance with generally accepted auditing standards, standards for attestation engagements, or standards for accounting and review services as to whether the presentation of information used for guidance in financial transactions or for accounting for or assessing the

status or performance of commercial and noncommercial enterprises, whether public, private, or governmental, conforms with generally accepted accounting principles or ~~((either))~~ another comprehensive ~~((bases))~~ basis of accounting. "Reports on financial statements" does not include services referenced in RCW 18.04.350~~((6))~~ (10) provided by persons not holding a license under this chapter.

(6) ~~((The))~~ "Practice of public accounting" means performing or offering to perform by a person or firm holding itself out to the public as a licensee, for a client or potential client, one or more kinds of services involving the use of accounting or auditing skills, including the issuance of "audit reports," "review reports," or "compilation reports" on financial statements, or one or more kinds of management advisory, or consulting services, or the preparation of tax returns, or the furnishing of advice on tax matters. ~~((The))~~ "Practice of public accounting" shall not include practices that are permitted under the provisions of RCW 18.04.350~~((6))~~ (10) by persons or firms not required to be licensed under this chapter.

(7) "Firm" means a sole proprietorship, a corporation, or a partnership. "Firm" also means a limited liability company formed under chapter 25.15 RCW.

(8) "CPE" means continuing professional education.

(9) "Certificate" means a certificate as a certified public accountant issued prior to July 1, 2001, as authorized under the provisions of this chapter.

(10) "Licensee" means the holder of a license to practice public accountancy issued under this chapter.

(11) "License" means a license to practice public accountancy issued to an individual under this chapter, or a license issued to a firm under this chapter.

(12) "Manager" means a manager of a limited liability company licensed as a firm under this chapter.

(13) "NASBA" means the national association of state boards of accountancy.

(14) "Quality assurance review" means a process established by and conducted at the direction of the board of study, appraisal, or review of one or more aspects of the attest or compilation work of a licensee or licensed firm in the practice of public accountancy, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed.

(15) "Peer review" means a study, appraisal, or review of one or more aspects of the attest or compilation work of a licensee or licensed firm in the practice of public accountancy, by a person or persons who hold licenses and who are not affiliated with the person or firm being reviewed, including a peer review, or any internal review or inspection intended to comply with quality control policies and procedures, but not including the "quality assurance review" under subsection (14) of this section.

(16) "Review committee" means any person carrying out, administering or overseeing a peer review authorized by the reviewee.

(17) "Rule" means any rule adopted by the board under authority of this chapter.

(18) "Holding out" means any representation to the public by the use of restricted titles as set forth in RCW 18.04.345 by a person or firm that the person or firm holds a license under this chapter and that the person or firm offers to

perform any professional services to the public as a licensee. "Holding out" shall not affect or limit a person or firm not required to hold a license under this chapter from engaging in practices identified in RCW 18.04.350.

(19) (~~"Natural person"~~) "Individual" means a living, human being.

(20) "Inactive" means the certificate is in an inactive status because a person who held a valid certificate before July 1, 2001, has not met the current requirements of licensure and has been granted inactive certificate holder status through an approval process established by the board.

(21) "Attest" means providing the following financial statement services:

(a) Any audit or other engagement to be performed in accordance with the statements on auditing standards;

(b) Any review of a financial statement to be provided in accordance with the statements on standards for accounting and review services;

(c) Any examination of prospective financial information to be performed in accordance with the statements on standards for attestation engagements; and

(d) Any engagement to be performed in accordance with the public company accounting oversight board auditing standards.

(22) "Compilation" means providing a service to be performed in accordance with statements on standards for accounting and review services that is presenting in the form of financial statements, information that is the representation of management (owners) without undertaking to express any assurance on the statements.

(23) "Home office" is the location specified by the client as the address to which a service is directed.

(24) "Person" means any individual, nongovernmental organization, or business entity regardless of legal form, including a sole proprietorship, firm, partnership, corporation, limited liability company, association, or not-for-profit organization, and including the sole proprietor, partners, members, and, as applied to corporations, the officers.

(25) "Principal place of business" means the office location designated by the licensee for purposes of substantial equivalency and reciprocity.

(26) "Sole proprietorship" means a legal form of organization owned by one person meeting the requirements of RCW 18.04.195.

Sec. 3. RCW 18.04.195 and 2003 c 290 s 1 are each amended to read as follows:

(1) The board shall grant or renew licenses to practice as a CPA firm to applicants that demonstrate their qualifications therefore in accordance with this section.

(a) The following must hold a license issued under this section:

(i) Any firm with an office in this state performing attest services as defined in RCW 18.04.025(21) or compilations as defined in RCW 18.04.025(22);

(ii) Any firm with an office in this state that uses the title "CPA" or "CPA firm"; or

(iii) Any firm that does not have an office in this state but performs attest services described in RCW 18.04.025(21) (a), (c), or (d) for a client having its home office in this state.

(b) A firm that is not subject to the requirements of subsection (1)(a)(iii) of this section may perform other professional services while using the title "CPA" or "CPA firm" in this state without a license issued under this section only if:

(i) The firm performs such services through an individual with practice privileges under RCW 18.04.350(2);

(ii) The firm can lawfully do so in the state where said individuals with practice privileges have their principal place of business; and

(iii) A firm performing services described in RCW 18.04.025 (21)(b) and (22) meets the board's quality assurance program requirements authorized by RCW 18.04.055(9) and the rules implementing that section.

(2) A sole proprietorship (~~(engaged in business in this state and offering to issue or issuing reports on financial statements or using the title CPA or certified public accountant)~~) required to obtain a license under subsection (1) of this section shall license, as a firm, every three years with the board.

(a) The sole proprietor shall hold and renew a license to practice under RCW 18.04.105 and 18.04.215, or, in the case of a sole proprietorship that must obtain a license pursuant to subsection (1)(a)(iii) of this section, be a licensee of another state who meets the requirements in RCW 18.04.350(2);

(b) Each resident (~~(person)~~) individual in charge of an office located in this state shall hold and renew a license to practice under RCW 18.04.105 and 18.04.215; and

(c) The licensed firm must meet competency requirements established by rule by the board.

~~((2))~~ (3) A partnership (~~(engaged in business in this state and offering to issue or issuing reports on financial statements or using the title CPA or certified public accountant)~~) required to obtain a license under subsection (1) of this section shall license as a firm every three years with the board, and shall meet the following requirements:

(a) At least one general partner of the partnership shall hold and renew a license to practice under RCW 18.04.105 and 18.04.215, or, in the case of a partnership that must obtain a license pursuant to subsection (1)(a)(iii) of this section, be a licensee of another state who meets the requirements in RCW 18.04.350(2);

(b) Each resident (~~(person)~~) individual in charge of an office in this state shall hold and renew a license to practice under RCW 18.04.105 and 18.04.215;

(c) At least a simple majority of the ownership of the licensed firm in terms of financial interests and voting rights of all partners or owners shall be held by (~~(natural)~~) persons who are licensees or holders of a valid license issued under this chapter or by another state (~~(that entitles the holder to practice public accounting in this state)~~). The principal partner of the partnership and any partner having authority over issuing reports on financial statements shall hold a license under this chapter or issued by another state (~~(that entitles the holder to practice public accounting in this state)~~); and

(d) The licensed firm must meet competency requirements established by rule by the board.

~~((3))~~ (4) A corporation (~~(engaged in business in this state and offering to issue or issuing reports on financial statements or using the title CPA or certified public accountant)~~) required to obtain a license under subsection (1) of this section shall license as a firm every three years with the board and shall meet the following requirements:

(a) At least a simple majority of the ownership of the licensed firm in terms of financial interests and voting rights of all shareholders or owners shall be held

by ~~((natural))~~ persons who are licensees or holders of a valid license issued under this chapter or by another state ~~((that entitles the holder to practice public accounting in this state))~~ and is principally employed by the corporation or actively engaged in its business. The principal officer of the corporation and any officer or director having authority over issuing reports on financial statements shall hold a license under this chapter or issued by another state ~~((that entitles the holder to practice public accounting in this state))~~;

(b) At least one shareholder of the corporation shall hold a license under RCW 18.04.105 and 18.04.215, or, in the case of a corporation that must obtain a license pursuant to subsection (1)(a)(iii) of this section, be a licensee of another state who meets the requirements in RCW 18.04.350(2);

(c) Each resident ~~((person))~~ individual in charge of an office located in this state shall hold and renew a license under RCW 18.04.105 and 18.04.215;

(d) A written agreement shall bind the corporation or its shareholders to purchase any shares offered for sale by, or not under the ownership or effective control of, a qualified shareholder, and bind any holder not a qualified shareholder to sell the shares to the corporation or its qualified shareholders. The agreement shall be noted on each certificate of corporate stock. The corporation may purchase any amount of its stock for this purpose, notwithstanding any impairment of capital, as long as one share remains outstanding;

(e) The corporation shall comply with any other rules pertaining to corporations practicing public accounting in this state as the board may prescribe; and

(f) The licensed firm must meet competency requirements established by rule by the board.

~~((4))~~ (5) A limited liability company ~~((engaged in business in this state and offering to issue or issuing reports on financial statements or using the title CPA or certified public accountant))~~ required to obtain a license under subsection (1) of this section shall license as a firm every three years with the board, and shall meet the following requirements:

(a) At least one member of the limited liability company shall hold a license under RCW 18.04.105 and 18.04.215, or, in the case of a limited liability company that must obtain a license pursuant to subsection (1)(a)(iii) of this section, be a licensee of another state who meets the requirements in RCW 18.04.350(2);

(b) Each resident manager or member in charge of an office located in this state shall hold and renew a license under RCW 18.04.105 and 18.04.215;

(c) At least a simple majority of the ownership of the licensed firm in terms of financial interests and voting rights of all owners shall be held by ~~((natural))~~ persons who are licensees or holders of a valid license issued under this chapter or by another state ~~((that entitles the holder to practice public accounting in this state))~~. The principal member or manager of the limited liability company and any member having authority over issuing reports on financial statements shall hold a license under this chapter or issued by another state ~~((that entitles the holder to practice public accounting in this state))~~; and

(d) The licensed firm must meet competency requirements established by rule by the board.

~~((5))~~ (6) Application for a license as a firm with an office in this state shall be made upon the affidavit of the proprietor or ~~((person))~~ individual designated as managing partner, member, or shareholder for Washington. This ~~((person))~~ individual shall hold a license under RCW 18.04.215.

~~(7)~~ In the case of a firm licensed in another state and required to obtain a license under subsection (1)(a)(iii) of this section, the application for the firm license shall be made upon the affidavit of an individual who qualifies for practice privileges in this state under RCW 18.04.350(2) who has been authorized by the applicant firm to make the application. The board shall determine in each case whether the applicant is eligible for a license. ~~((A partnership, corporation, or limited liability company which is licensed to practice under RCW 18.04.215 may use the designation "certified public accountants" or "CPAs" in connection with its partnership, limited liability company, or corporate name.))~~

(8) The board shall be given notification within ninety days after the admission or withdrawal of a partner, shareholder, or member engaged in this state in the practice of public accounting from any partnership, corporation, or limited liability company so licensed.

~~((6))~~ (9) Licensed firms ~~((which))~~ that fall out of compliance with the provisions of this section due to changes in firm ownership ~~((or personnel))~~, after receiving or renewing a license, shall notify the board in writing within ninety days of its falling out of compliance and propose a time period in which they will come back into compliance. The board may grant a reasonable period of time for a firm to be in compliance with the provisions of this section. Failure to bring the firm into compliance within a reasonable period of time, as determined by the board, may result in suspension, revocation, or imposition of conditions on the firm's license.

~~((7))~~ (10) Fees for the license as a firm and for notification of the board of the admission or withdrawal of a partner, shareholder, or member shall be determined by the board. Fees shall be paid by the firm at the time the license application form or notice of admission or withdrawal of a partner, shareholder, or member is filed with the board.

~~((8))~~ (11) Nonlicensee owners of licensed firms are:

(a) Required to fully comply with the provisions of this chapter and board rules;

(b) Required to be ~~((a natural person))~~ an individual;

(c) Required to be an active individual participant in the licensed firm or affiliated entities as these terms are defined by board rule; and

(d) Subject to discipline by the board for violation of this chapter.

~~((9))~~ (12) Resident nonlicensee owners of licensed firms are required to meet:

(a) The ethics examination, registration, and fee requirements as established by the board rules; and

(b) The ethics CPE requirements established by the board rules.

~~((10))~~ (13)(a) Licensed firms must notify the board within thirty days after:

(i) Sanction, suspension, revocation, or modification of their professional license or practice rights by the securities exchange commission, internal revenue service, or another state board of accountancy;

(ii) Sanction or order against the licensee or nonlicensee firm owner by any federal or other state agency related to the licensee's practice of public accounting or violation of ethical or technical standards established by board rule; or

(iii) The licensed firm is notified that it has been charged with a violation of law that could result in the suspension or revocation of the firm's license by a federal or other state agency, as identified by board rule, related to the firm's professional license, practice rights, or violation of ethical or technical standards established by board rule.

(b) The board must adopt rules to implement this subsection and may also adopt rules specifying requirements for licensees to report to the board sanctions or orders relating to the licensee's practice of public accounting or violation of ethical or technical standards entered against the licensee by a nongovernmental professionally related standard-setting entity.

Sec. 4. RCW 18.04.205 and 2001 c 294 s 12 are each amended to read as follows:

(1) Each office established or maintained in this state for the purpose of offering to issue or issuing attest or compilation reports (~~(on financial statements)~~) in this state or that uses the title "certified public accountant" or "CPA," shall register with the board under this chapter every three years.

(2) Each office established or maintained in this state shall be under the direct supervision of a resident licensee holding a license under RCW 18.04.105 and 18.04.215.

(3) The board shall by rule prescribe the procedure to be followed to register and maintain offices established in this state for the purpose of offering to issue or issuing attest or compilation reports (~~(on financial statements)~~) or that use the title "certified public accountant" or "CPA."

(4) Fees for the registration of offices shall be determined by the board. Fees shall be paid by the applicant at the time the registration form is filed with the board.

Sec. 5. RCW 18.04.345 and 2001 c 294 s 17 are each amended to read as follows:

(1) No ~~((person))~~ individual may assume or use the designation "certified public accountant-inactive" or "CPA-inactive" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the ~~((person))~~ individual is a certified public accountant-inactive or CPA-inactive unless the ~~((person))~~ individual holds a certificate. ~~((Persons))~~ Individuals holding only a certificate may not practice public accounting.

(2) No ~~((person))~~ individual may hold himself or herself out to the public or assume or use the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the ~~((person))~~ individual is a certified public accountant or CPA unless the ~~((person))~~ individual qualifies for the privileges authorized by RCW 18.04.350(2) or holds a license under RCW 18.04.105 and 18.04.215.

(3) No firm ~~((may hold itself out to the public as offering to issue or issuing reports on financial statements;))~~ with an office in this state may practice public accounting in this state or assume or use the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation,

sign, card, or device tending to indicate that the firm is composed of certified public accountants or CPAs, unless the firm is licensed under RCW 18.04.195 and all offices of the firm in this state are maintained and registered under RCW 18.04.205.

(4) No firm may perform the services defined in RCW 18.04.025(21) (a), (c), or (d) for a client with its home office in this state unless the firm is licensed under RCW 18.04.195, renews the firm license as required under RCW 18.04.215, and all offices of the firm in this state are maintained and registered under RCW 18.04.205.

(5) No ~~((person))~~ individual, partnership, limited liability company, or corporation offering public accounting services to the public may hold himself, herself, or itself out to the public, or assume or use along, or in connection with his, hers, or its name, or any other name the title or designation "certified accountant," "chartered accountant," "licensed accountant," "licensed public accountant," "public accountant," or any other title or designation likely to be confused with "certified public accountant" or any of the abbreviations "CA," "LA," "LPA," or "PA," or similar abbreviations likely to be confused with "CPA."

~~((5))~~ (6) No licensed firm may operate under an alias, a firm name, title, or "DBA" that differs from the firm name that is registered with the board.

~~((6))~~ (7) No ~~((person))~~ individual with an office in this state may sign, affix, or associate his or her name or any trade or assumed name used by the ~~((person))~~ individual in his or her business to any report ~~((designated as an "audit," "review," or "compilation,"))~~ prescribed by professional standards unless the ~~((person))~~ individual holds a license to practice under RCW 18.04.105 and 18.04.215 ~~((and))~~, a firm holds a license under RCW 18.04.195, and all of the ~~((person's))~~ individual's offices in this state are ~~((licensed))~~ registered under RCW 18.04.205.

~~((7))~~ (8) No ~~((person))~~ individual licensed in another state may sign, affix, or associate a firm name to any report ~~((designated as an "audit," "review," or "compilation," unless the firm))~~ prescribed by professional standards, or associate a firm name in conjunction with the title certified public accountant, unless the individual:

(a) Qualifies for the practice privileges authorized by RCW 18.04.350(2); or
(b) Is licensed under RCW ~~((18.04.195))~~ 18.04.105 and 18.04.215, and all of ~~((its))~~ the individual's offices in this state are maintained and registered under RCW 18.04.205.

~~((8))~~ (9) No ~~((person))~~ individual, partnership, limited liability company, or corporation not holding a license to practice under RCW 18.04.105 and 18.04.215, or firm not licensed under RCW 18.04.195 or firm not registering all of the firm's offices in this state under RCW 18.04.205, or not qualified for the practice privileges authorized by RCW 18.04.350(2), may hold himself, herself, or itself out to the public as an "auditor" with or without any other description or designation by use of such word on any sign, card, letterhead, or in any advertisement or directory.

(10) For purposes of this section, because individuals practicing using practice privileges under RCW 18.04.350(2) are deemed substantially equivalent to licensees under RCW 18.04.105 and 18.04.215, every word, term, or reference that includes the latter shall be deemed to include the former, provided

the conditions of such practice privilege, as set forth in RCW 18.04.350 (4) and (5) are maintained.

(11) Notwithstanding anything to the contrary in this section, it is not a violation of this section for a firm that does not hold a valid license under RCW 18.04.195 and that does not have an office in this state to provide its professional services in this state so long as it complies with the requirements of RCW 18.04.195(1)(b).

Sec. 6. RCW 18.04.350 and 2001 c 294 s 18 are each amended to read as follows:

(1) Nothing in this chapter prohibits any ~~((person))~~ individual not holding a license and not qualified for the practice privileges authorized by subsection (2) of this section from serving as an employee of a firm licensed under RCW 18.04.195 and 18.04.215. However, the employee ~~((or assistant))~~ shall not issue any ~~((accounting))~~ compilation, review, audit, or examination report on financial ((statement)) or other information over his or her name.

~~(2)((a))~~ An individual((:)) whose principal place of business is not in this state((, who has a valid certificate or license as a certified public accountant from another state, and (i) whose state of licensure has education, examination, and experience requirements that are deemed by the board to be substantially equivalent to this state's requirements or (ii) who, as an individual, has education, examination, and experience that are deemed by the board to be)) shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges of ~~((license holders))~~ licensees of this state without the need to obtain a license under RCW 18.04.105 ~~((or 18.04.195. However, such individuals shall notify the board, under such circumstances and in such manner as the board determines by rule, of their intent to enter the state under this section. The board shall have the authority to establish a fee for the practice privilege granted under this section by rule.))~~ if the individual:

(a) Holds a valid license as a certified public accountant from any state that requires, as a condition of licensure, that an individual:

(i) Have at least one hundred fifty semester hours of college or university education including a baccalaureate or higher degree conferred by a college or university;

(ii) Achieve a passing grade on the uniform certified public accountant examination; and

(iii) Possess at least one year of experience including service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills, all of which was verified by a licensee; or

~~(b) ((An individual that enters the state under this section and is granted this practice privilege shall abide by this chapter and the rules adopted under this chapter and shall be subject to discipline for violation of this chapter. However, such individual is exempt from the continuing education requirements of this chapter provided the individual has met the continuing education requirements of the state in which the individual holds a valid certificate or license. The board may accept NASBA's designation of the individual's state as substantially equivalent to national standards, or NASBA's designation of the applicant as substantially equivalent to national standards, as meeting the requirement for a~~

~~certified public accountant to be substantially equivalent to this state's requirements~~) Holds a valid license as a certified public accountant from any state that does not meet the requirements of (a) of this subsection, but such individual's qualifications are substantially equivalent to those requirements. Any individual who passed the uniform certified public accountant examination and holds a valid license issued by any other state prior to January 1, 2012, may be exempt from the education requirements in (a)(i) of this subsection for purposes of this section.

(3) Notwithstanding any other provision of law, an individual who qualifies for the practice privilege under subsection (2) of this section may offer or render professional services, whether in person or by mail, telephone, or electronic means, and no notice, fee, or other submission shall be provided by any such individual. Such an individual shall be subject to the requirements of subsection (4) of this section.

~~((e))~~ (4) Any ~~(certificate or license holder)~~ individual licensee of another state exercising the privilege afforded under subsection (2) of this section and the firm that employs that licensee simultaneously consent(s), as a condition of ~~(the grant of)~~ exercising this privilege:

~~((i))~~ (a) To the personal and subject matter jurisdiction and disciplinary authority of the board;

~~((ii))~~ (b) To comply with this chapter and the board's rules;

(c) That in the event the license from the state of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in this state individually and on behalf of a firm; and

(d) To the appointment of the state board which issued the certificate or license as their agent upon whom process may be served in any action or proceeding by this state's board against the certificate holder or licensee.

~~((d))~~ (5) An individual who qualifies for practice privileges under subsection (2) of this section may, for any entity with its home office in this state, perform the following services only through a firm that has obtained a license under RCW 18.04.195 and 18.04.215:

(a) Any financial statement audit or other engagement to be performed in accordance with statements on auditing standards;

(b) Any examination of prospective financial information to be performed in accordance with statements on standards for attestation engagements; or

(c) Any engagement to be performed in accordance with public company accounting oversight board auditing standards.

(6) A licensee of this state offering or rendering services or using their ~~(certified public accountant)~~ CPA title in another state shall be subject to disciplinary action in this state for an act committed in another state for which the ~~(certificate or permit holder)~~ licensee would be subject to discipline for an act committed in the other state ~~(provided the board receives timely notification of the act)~~. Notwithstanding RCW 18.04.295 and this section, the board ~~(may)~~ shall cooperate with and investigate any complaint made by the board of accountancy of another state or jurisdiction.

~~((3))~~ (7) Nothing in this chapter prohibits a licensee, a licensed firm, ~~(or)~~ any of their employees, or persons qualifying for practice privileges by this section from disclosing any data in confidence to other certified public

accountants, quality assurance or peer review teams, partnerships, limited liability companies, or corporations of certified public accountants or to the board or any of its employees engaged in conducting quality assurance or peer reviews, or any one of their employees in connection with quality or peer reviews of that accountant's accounting and auditing practice conducted under the auspices of recognized professional associations.

~~((4))~~ (8) Nothing in this chapter prohibits a licensee, a licensed firm, ~~((or))~~ any of their employees, or persons qualifying for practice privileges by this section from disclosing any data in confidence to any employee, representative, officer, or committee member of a recognized professional association, or to the board, or any of its employees or committees in connection with a professional investigation held under the auspices of recognized professional associations or the board.

~~((5))~~ (9) Nothing in this chapter prohibits any officer, employee, partner, or principal of any organization:

(a) From affixing his or her signature to any statement or report in reference to the affairs of the organization with any wording designating the position, title, or office which he or she holds in the organization; or

(b) From describing himself or herself by the position, title, or office he or she holds in such organization.

~~((6))~~ (10) Nothing in this chapter prohibits any person or firm composed of persons not holding a license under ~~((RCW 18.04.215))~~ this chapter from offering or rendering to the public bookkeeping, accounting, tax services, the devising and installing of financial information systems, management advisory, or consulting services, the preparation of tax returns, or the furnishing of advice on tax matters, the preparation of financial statements, written statements describing how such financial statements were prepared, or similar services, provided that persons, partnerships, limited liability companies, or corporations not holding a license ~~((under RCW 18.04.215))~~ who offer or render these services do not designate any written statement as an "audit report," "review report," or "compilation report," do not issue any written statement which purports to express or disclaim an opinion on financial statements which have been audited, and do not issue any written statement which expresses assurance on financial statements which have been reviewed.

~~((7))~~ (11) Nothing in this chapter prohibits any act of or the use of any words by a public official or a public employee in the performance of his or her duties.

~~((8))~~ (12) Nothing contained in this chapter prohibits any person who holds only a valid certificate from assuming or using the designation "certified public accountant-inactive" or "CPA-inactive" or any other title, designation, words, letters, sign, card, or device tending to indicate the person is a certificate holder, provided, that such person does not perform or offer to perform for the public one or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or of one or more kinds of management advisory, financial advisory, consulting services, the preparation of tax returns, or the furnishing of advice on tax matters.

~~((9))~~ (13) Nothing in this chapter prohibits the use of the title "accountant" by any person regardless of whether the person has been granted a certificate or holds a license under this chapter. Nothing in this chapter prohibits the use of

the title "enrolled agent" or the designation "EA" by any person regardless of whether the person has been granted a certificate or holds a license under this chapter if the person is properly authorized at the time of use to use the title or designation by the United States department of the treasury. The board shall by rule allow the use of other titles by any person regardless of whether the person has been granted a certificate or holds a license under this chapter if the person using the titles or designations is authorized at the time of use by a nationally recognized entity sanctioning the use of board authorized titles.

NEW SECTION. **Sec. 7.** The code reviser shall alphabetize and renumber the definitions in RCW 18.04.025 and correct any references.

Passed by the Senate February 14, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 14, 2008.

Filed in Office of Secretary of State March 17, 2008.

CHAPTER 17

[House Bill 1149]

BINDING SITE PLANS—ELIMINATING ADVANCE PROPERTY TAX PAYMENTS

AN ACT Relating to eliminating advance property tax payments for binding site plans; and amending RCW 84.40.042 and 58.08.040.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 84.40.042 and 2002 c 168 s 8 are each amended to read as follows:

(1) When real property is divided in accordance with chapter 58.17 RCW, the assessor shall carefully investigate and ascertain the true and fair value of each lot and assess each lot on that same basis, unless specifically provided otherwise by law. For purposes of this section, "lot" has the same definition as in RCW 58.17.020.

(a) For each lot on which an advance tax deposit has been paid in accordance with RCW 58.08.040, the assessor shall establish the true and fair value by October 30th of the year following the recording of the plat, replat, or altered plat(~~(, or binding site plan)~~). The value established shall be the value of the lot as of January 1st of the year the original parcel of real property was last revalued. An additional property tax shall not be due on the land until the calendar year following the year for which the advance tax deposit was paid if the deposit was sufficient to pay the full amount of the taxes due on the property.

(b) For each lot on which an advance tax deposit has not been paid, the assessor shall establish the true and fair value not later than the calendar year following the recording of the plat, map, subdivision, or replat. For purposes of this section, "subdivision" means a division of land into two or more lots.

(c) For each subdivision, all current year and delinquent taxes and assessments on the entire tract must be paid in full in accordance with RCW 58.17.160 and 58.08.030 except when property is being acquired by a government for public use. For purposes of this section, "current year taxes" means taxes that are collectible under RCW 84.56.010 subsequent to February 14th.

(2) When the assessor is required by law to segregate any part or parts of real property, assessed before or after July 27, 1997, as one parcel or when the assessor is required by law to combine parcels of real property assessed before or after July 27, 1997, as two or more parcels, the assessor shall carefully investigate and ascertain the true and fair value of each part or parts of the real property and each combined parcel and assess each part or parts or each combined parcel on that same basis.

Sec. 2. RCW 58.08.040 and 1997 c 393 s 11 are each amended to read as follows:

Prior to any person recording a plat, replat, ~~or altered plat~~ ~~((or binding site plan))~~ subsequent to May 31st in any year and prior to the date of the collection of taxes in the ensuing year, the person shall deposit with the county treasurer a sum equal to the product of the county assessor's latest valuation on the property less improvements in such subdivision multiplied by the current year's dollar rate increased by twenty-five percent on the property platted. The treasurer's receipt shall be evidence of the payment. The treasurer shall appropriate so much of the deposit as will pay the taxes and assessments on the property when the levy rates are certified by the assessor using the value of the property at the time of filing a plat, replat, ~~or altered plat~~, ~~((or binding site plan.))~~ and in case the sum deposited is in excess of the amount necessary for the payment of the taxes and assessments, the treasurer shall return, to the party depositing, the amount of excess.

Passed by the House January 18, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 14, 2008.

Filed in Office of Secretary of State March 17, 2008.

CHAPTER 18

[Substitute House Bill 1421]

ADDRESS CONFIDENTIALITY PROGRAM

AN ACT Relating to modifying the provisions of the address confidentiality program; amending RCW 40.24.020, 40.24.030, 40.24.040, 40.24.060, and 40.24.070; and adding a new section to chapter 40.24 RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 40.24.020 and 1991 c 23 s 2 are each amended to read as follows:

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

(1) "Address" means a residential street address, school address, or work address of an individual, as specified on the individual's application to be a program participant under this chapter.

(2) ~~("Program participant" means a person certified as a program participant under RCW 40.24.030.~~

~~(3))~~ "Domestic violence" means an act as defined in RCW 10.99.020 and includes a threat of such acts committed against an individual in a domestic situation, regardless of whether these acts or threats have been reported to law enforcement officers.

(3) "Program participant" means a person certified as a program participant under RCW 40.24.030.

(4) "Stalking" means an act defined in RCW 9A.46.110 and includes a threat of such acts committed against an individual, regardless of whether these acts or threats have been reported to law enforcement officers.

Sec. 2. RCW 40.24.030 and 2001 c 28 s 2 are each amended to read as follows:

(1) An adult person, a parent or guardian acting on behalf of a minor, or a guardian acting on behalf of an incapacitated person, as defined in RCW 11.88.010, may apply to the secretary of state to have an address designated by the secretary of state serve as the person's address or the address of the minor or incapacitated person. The secretary of state shall approve an application if it is filed in the manner and on the form prescribed by the secretary of state and if it contains:

(a) A sworn statement, under penalty of perjury, by the applicant that the applicant has good reason to believe (i) that the applicant, or the minor or incapacitated person on whose behalf the application is made, is a victim of domestic violence, sexual assault, or stalking; and (ii) that the applicant fears for his or her safety or his or her children's safety, or the safety of the minor or incapacitated person on whose behalf the application is made;

(b) If applicable, a sworn statement, under penalty of perjury, by the applicant, that the applicant has reason to believe they are a victim of domestic violence, sexual assault, or stalking perpetrated by an employee of a law enforcement agency;

(c) A designation of the secretary of state as agent for purposes of service of process and for the purpose of receipt of mail;

~~((e))~~ (d) The ((mailing)) residential address and any telephone number where the applicant can be contacted by the secretary of state, ((and the phone number or numbers where the applicant can be called by the secretary of state;

~~(d) The new address or addresses that the applicant requests)) which shall not be disclosed ((for the reason that)) because disclosure will increase the risk of domestic violence, sexual assault, or stalking;~~

(e) The signature of the applicant and of any individual or representative of any office designated in writing under RCW 40.24.080 who assisted in the preparation of the application, and the date on which the applicant signed the application.

(2) Applications shall be filed with the office of the secretary of state.

(3) Upon filing a properly completed application, the secretary of state shall certify the applicant as a program participant. Applicants shall be certified for four years following the date of filing unless the certification is withdrawn or invalidated before that date. The secretary of state shall by rule establish a renewal procedure.

(4) A person who falsely attests in an application that disclosure of the applicant's address would endanger the applicant's safety or the safety of the applicant's children or the minor or incapacitated person on whose behalf the application is made, or who knowingly provides false or incorrect information upon making an application, shall be punishable under RCW 40.16.030 or other applicable statutes.

Sec. 3. RCW 40.24.040 and 1991 c 23 s 4 are each amended to read as follows:

(1) If the program participant obtains a ~~((name))~~ legal change of identity, he or she loses certification as a program participant.

(2) The secretary of state may cancel a program participant's certification if there is a change in the residential address ~~((from the one listed on the application))~~, unless the program participant provides the secretary of state with ~~((seven))~~ at least two days' prior notice in writing of the change of address.

(3) The secretary of state may cancel certification of a program participant if mail forwarded by the secretary to the program participant's address is returned as nondeliverable, refused, or unclaimed.

(4) The secretary of state shall cancel certification of a program participant who applies using false information.

Sec. 4. RCW 40.24.060 and 1991 c 23 s 6 are each amended to read as follows:

~~((+))~~ A program participant who is otherwise qualified to vote may ~~((apply as a service))~~ register as an ongoing absentee voter under RCW ~~((29.01.155. The program participant shall automatically receive absentee ballots for all elections in the jurisdictions for which that individual resides in the same manner as absentee voters who qualify under RCW 29.36.013, except that the program participant shall not be required to reapply following January 1st of each odd-numbered year.))~~ 29A.40.040. The county auditor shall transmit the absentee ballot to the program participant at the mailing address ~~((designated by the participant in his or her application as a service voter))~~ provided. Neither the name nor the address of a program participant shall be included in any list of registered voters available to the public.

~~((2))~~ The county auditor may not make the participant's address contained in voter registration records available for public inspection or copying except under the following circumstances:

~~(a) If requested by a law enforcement agency, to the law enforcement agency; and~~

~~(b) If directed by a court order, to a person identified in the order.)~~

Sec. 5. RCW 40.24.070 and 1999 c 53 s 1 are each amended to read as follows:

The secretary of state may not make any records in a program participant's file available for inspection or copying, other than the address designated by the secretary of state, except under the following circumstances:

(1) If requested by a law enforcement agency, to the law enforcement agency; and

(a) The participant's application contains no indication that he or she has been a victim of domestic violence, sexual assault, or stalking perpetrated by a law enforcement employee; and

(b) The request is in accordance with official law enforcement duties and is in writing on official law enforcement letterhead stationery and signed by the law enforcement agency's chief officer, or his or her designee; or

(2) If directed by a court order, to a person identified in the order; ~~((or~~

~~(3) To verify the participation of a specific program participant, in which case the secretary may only confirm information supplied by the requester))~~ and

(a) The request is made by a nonlaw enforcement agency; or
(b) The participant's file indicates he or she has reason to believe he or she is a victim of domestic violence, sexual assault, or stalking perpetrated by a law enforcement employee.

NEW SECTION. Sec. 6. A new section is added to chapter 40.24 RCW to read as follows:

A court order for address confidentiality program participant information may only be issued upon a probable cause finding by a judicial officer that release of address confidentiality program participant information is legally necessary:

- (1) In the course of a criminal investigation or prosecution; or
- (2) To prevent immediate risk to a minor and meet the statutory requirements of the Washington child welfare system.

Any court order so issued will prohibit the release of the information to any other agency or person not a party to the order.

Passed by the House February 13, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 14, 2008.

Filed in Office of Secretary of State March 17, 2008.

CHAPTER 19

[House Bill 1923]

MOTOR VEHICLE TRANSPORTERS—LICENSE APPLICATIONS

AN ACT Relating to requirements for motor vehicle transporter license applications; and amending RCW 46.76.020.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 46.76.020 and 1979 c 158 s 189 are each amended to read as follows:

Application for a transporter's license shall be made on a form provided for that purpose by the director of licensing and when executed shall be forwarded to the director together with the proper fee. The application shall contain the name and address of the applicant, state whether or not the license will be used to provide towing services for monetary compensation as described in RCW 46.55.025 and, if so, whether or not the applicant is a registered tow truck operator, and ((such)) contain other information as the director may require.

Passed by the House January 23, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 14, 2008.

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CHAPTER 20

[Substitute House Bill 2427]

COSMETOLOGY APPRENTICESHIP PROGRAM

AN ACT Relating to the cosmetology apprenticeship program; amending RCW 18.16.020, 18.16.030, 18.16.050, 18.16.060, 18.16.100, 18.16.180, and 18.16.280; and reenacting and amending RCW 18.16.175.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 18.16.020 and 2003 c 400 s 2 are each amended to read as follows:

As used in this chapter, the following terms have the meanings indicated unless the context clearly requires otherwise:

(1) "Apprenticeship program" means ~~((an))~~ a state-approved apprenticeship ~~((pilot))~~ program pursuant to chapter 49.04 RCW and approved under RCW 18.16.280 for the ~~((practice))~~ training of cosmetology, barbering, esthetics, and manicuring ~~((, which expires July 1, 2006)).~~

(2) "Apprentice" means a person who is engaged in a state-approved apprenticeship program and who ~~((may))~~ must receive a wage or compensation while engaged in the program.

(3) "Apprenticeship training committee" means a committee approved by the Washington apprenticeship and training council established in chapter 49.04 RCW.

(4) "Department" means the department of licensing.

~~((4))~~ (5) "Board" means the cosmetology, barbering, esthetics, and manicuring advisory board.

~~((5))~~ (6) "Director" means the director of the department of licensing or the director's designee.

~~((6))~~ (7) "The practice of cosmetology" means arranging, dressing, cutting, trimming, styling, shampooing, permanent waving, chemical relaxing, straightening, curling, bleaching, lightening, coloring, waxing, tweezing, shaving, and mustache and beard design of the hair of the face, neck, and scalp; temporary removal of superfluous hair by use of depilatories, waxing, or tweezing; manicuring and pedicuring, limited to cleaning, shaping, polishing, decorating, and caring for and treatment of the cuticles and nails of the hands and feet, excluding the application and removal of sculptured or otherwise artificial nails; esthetics limited to toning the skin of the scalp, stimulating the skin of the body by the use of preparations, tonics, lotions, or creams; and tinting eyelashes and eyebrows.

~~((7))~~ (8) "Cosmetologist" means a person licensed under this chapter to engage in the practice of cosmetology.

~~((8))~~ (9) "The practice of barbering" means the cutting, trimming, arranging, dressing, curling, shampooing, shaving, and mustache and beard design of the hair of the face, neck, and scalp.

~~((9))~~ (10) "Barber" means a person licensed under this chapter to engage in the practice of barbering.

~~((10))~~ (11) "Practice of manicuring" means the cleaning, shaping, polishing, decorating, and caring for and treatment of the cuticles and the nails of the hands or feet, and the application and removal of sculptured or otherwise artificial nails by hand or with mechanical or electrical apparatus or appliances.

~~((11))~~ (12) "Manicurist" means a person licensed under this chapter to engage in the practice of manicuring.

~~((12))~~ (13) "Practice of esthetics" means care of the skin by application and use of preparations, antiseptics, tonics, essential oils, or exfoliants, or by any device or equipment, electrical or otherwise, or by wraps, compresses, cleansing, conditioning, stimulation, pore extraction, or product application and removal; the temporary removal of superfluous hair by means of lotions, creams,

mechanical or electrical apparatus, appliance, waxing, tweezing, or depilatories; tinting of eyelashes and eyebrows; and lightening the hair, except the scalp, on another person.

~~((13))~~ (14) "Esthetician" means a person licensed under this chapter to engage in the practice of esthetics.

~~((14))~~ (15) "Instructor-trainee" means a person who is currently licensed in this state as a cosmetologist, barber, manicurist, or esthetician, and is enrolled in an instructor-trainee curriculum in a school licensed under this chapter.

~~((15))~~ (16) "School" means any establishment that offers curriculum of instruction in the practice of cosmetology, barbering, esthetics, manicuring, or instructor-trainee to students and is licensed under this chapter.

~~((16))~~ (17) "Student" means a person sixteen years of age or older who is enrolled in a school licensed under this chapter and receives instruction in any of the curricula of cosmetology, barbering, esthetics, manicuring, or instructor-training with or without tuition, fee, or cost, and who does not receive any wage or commission.

~~((17))~~ (18) "Instructor" means a person who gives instruction in a school, or who provides classroom theory training to apprentices in locations other than in a school, in a curriculum in which he or she holds a license under this chapter, has completed at least five hundred hours of instruction in teaching techniques and lesson planning in a school, and has passed a licensing examination approved or administered by the director. An applicant who holds a degree in education from an accredited postsecondary institution shall upon application be licensed as an instructor to give instruction in a school, or to provide classroom theory training to apprentices in locations other than in a school, in a curriculum in which he or she holds a license under this chapter. An applicant who holds an instructional credential from an accredited community or technical college and who has passed a licensing examination approved or administered by the director shall upon application be licensed as an instructor to give instruction in a school, or to provide classroom theory training to apprentices in locations other than in a school, in a curriculum in which he or she holds a license under this chapter. To be approved as an "instructor" in an approved apprenticeship program, the instructor must be a competent instructor as defined in rules adopted under chapter 49.04 RCW.

~~((18))~~ (19) "Apprentice trainer" means a person who gives training to an apprentice in an approved apprenticeship program and who is approved under RCW 18.16.280.

(20) "Person" means any individual, partnership, professional service corporation, joint stock association, joint venture, or any other entity authorized to do business in this state.

~~((19))~~ (21) "Salon/shop" means any building, structure, or any part thereof, other than a school, where the commercial practice of cosmetology, barbering, esthetics, or manicuring is conducted; provided that any person, except employees of a salon/shop, who operates from a salon/shop is required to meet all salon/shop licensing requirements and may participate in the apprenticeship program when certified ~~((by the advisory committee))~~ as established by the ~~((department of labor and industries))~~ Washington state apprenticeship and training council established in chapter 49.04 RCW.

~~((20))~~ (22) "Approved apprenticeship shop" means a salon/shop that has been approved under RCW 18.16.280 and chapter 49.04 RCW to participate in an apprenticeship program.

(23) "Crossover training" means training approved by the director as training hours that may be credited to current licensees for similar training received in another profession licensed under this chapter.

~~((21))~~ (24) "Approved security" means surety bond.

~~((22))~~ (25) "Personal services" means a location licensed under this chapter where the practice of cosmetology, barbering, manicuring, or esthetics is performed for clients in the client's home, office, or other location that is convenient for the client.

~~((23))~~ (26) "Individual license" means a cosmetology, barber, manicurist, esthetician, or instructor license issued under this chapter.

~~((24))~~ (27) "Location license" means a license issued under this chapter for a salon/shop, school, personal services, or mobile unit.

~~((25))~~ (28) "Mobile unit" is a location license under this chapter where the practice of cosmetology, barbering, esthetics, or manicuring is conducted in a mobile structure. Mobile units must conform to the health and safety standards set by rule under this chapter.

~~((26))~~ (29) "Curriculum" means the courses of study taught at a school, or in an approved apprenticeship program established by the Washington state apprenticeship and training council and conducted in an approved salon/shop, set by rule under this chapter, and approved by the department. After consulting with the board, the director may set by rule a percentage of hours in a curriculum, up to a maximum of ten percent, that could include hours a student receives while training in a salon/shop under a contract approved by the department. Each curriculum must include at least the following required hours:

(a) School curriculum:

(i) Cosmetologist, one thousand six hundred hours;

~~((b))~~ (ii) Barber, one thousand hours;

~~((c))~~ (iii) Manicurist, six hundred hours;

~~((d))~~ (iv) Esthetician, six hundred hours;

~~((e))~~ (v) Instructor-trainee, five hundred hours.

~~((27))~~ (b) Apprentice training curriculum:

(i) Cosmetologist, two thousand hours;

(ii) Barber, one thousand two hundred hours;

(iii) Manicurist, eight hundred hours;

(iv) Esthetician, eight hundred hours.

(30) "Student monthly report" means the student record of daily activities and the number of hours completed in each course of a curriculum that is prepared monthly by the school and provided to the student, audited annually by the department, and kept on file by the school for three years.

(31) "Apprentice monthly report" means the apprentice record of daily activities and the number of hours completed in each course of a curriculum that is prepared monthly by the approved apprenticeship program and provided to the apprentice, audited annually by the department, and kept on file by the approved apprenticeship program for three years.

Sec. 2. RCW 18.16.030 and 2004 c 51 s 7 are each amended to read as follows:

In addition to any other duties imposed by law, including RCW 18.235.030 and 18.235.040, the director shall have the following powers and duties:

- (1) To set all license, examination, and renewal fees in accordance with RCW 43.24.086;
- (2) To adopt rules necessary to implement this chapter;
- (3) To prepare and administer or approve the preparation and administration of licensing examinations;
- (4) To establish minimum safety and sanitation standards for schools, instructors, cosmetologists, barbers, manicurists, estheticians, salons/shops, personal services, and mobile units;
- (5) To establish curricula for the training of students and apprentices under this chapter;
- (6) To maintain the official department record of applicants and licensees;
- (7) To establish by rule the procedures for an appeal of an examination failure;
- (8) To set license expiration dates and renewal periods for all licenses consistent with this chapter;
- (9) To ensure that all informational notices produced and mailed by the department regarding statutory and regulatory changes affecting any particular class of licensees are mailed to each licensee in good standing or on inactive status in the affected class whose mailing address on record with the department has not resulted in mail being returned as undeliverable for any reason; and
- (10) To make information available to the department of revenue to assist in collecting taxes from persons required to be licensed under this chapter.

Sec. 3. RCW 18.16.050 and 2002 c 111 s 4 are each amended to read as follows:

(1) There is created a state cosmetology, barbering, esthetics, and manicuring advisory board consisting of ~~((nine))~~ a maximum of ten members appointed by the director. These members of the board shall include: A representative of private schools licensed under this chapter; a representative from an approved apprenticeship program conducted in an approved salon/shop; a representative of public vocational technical schools licensed under this chapter; a consumer who is unaffiliated with the cosmetology, barbering, esthetics, or manicuring industry; and six members who are currently practicing licensees who have been engaged in the practice of manicuring, esthetics, barbering, or cosmetology for at least three years. Members shall serve a term of three years. Any board member may be removed for just cause. The director may appoint a new member to fill any vacancy on the board for the remainder of the unexpired term.

(2) Board members shall be entitled to compensation pursuant to RCW 43.03.240 for each day spent conducting official business and to reimbursement for travel expenses as provided by RCW 43.03.050 and 43.03.060.

(3) The board may seek the advice and input of officials from the following state agencies: (a) The work force training and education coordinating board; (b) the department of employment security; (c) the department of labor and industries; (d) the department of health; (e) the department of licensing; and (f) the department of revenue.

Sec. 4. RCW 18.16.060 and 2004 c 51 s 1 are each amended to read as follows:

(1) It is unlawful for any person to engage in a practice listed in subsection (2) of this section unless the person has a license in good standing as required by this chapter. A license issued under this chapter shall be considered to be "in good standing" except when:

(a) The license has expired or has been canceled and has not been renewed in accordance with RCW 18.16.110;

(b) The license has been denied, revoked, or suspended under RCW 18.16.210, 18.16.230, or 18.16.240, and has not been reinstated;

(c) The license is held by a person who has not fully complied with an order of the director issued under RCW 18.16.210 requiring the licensee to pay restitution or a fine, or to acquire additional training; or

(d) The license has been placed on inactive status at the request of the licensee, and has not been reinstated in accordance with RCW 18.16.110(3).

(2) The director may take action under RCW 18.235.150 and 18.235.160 against any person who does any of the following without first obtaining, and maintaining in good standing, the license required by this chapter:

(a) Except as provided in subsections (3) and (4) of this section, engages in the commercial practice of cosmetology, barbering, esthetics, or manicuring;

(b) Instructs in a school;

(c) Operates a school; or

(d) Operates a salon/shop, personal services, or mobile unit.

(3) A person who receives a license as an instructor may engage in the commercial practice for which he or she held a license when applying for the instructor license without also renewing the previously held license. However, a person licensed as an instructor whose license to engage in a commercial practice is not or at any time was not renewed may not engage in the commercial practice previously permitted under that license unless that person renews the previously held license.

(4) An apprentice actively enrolled in an apprenticeship program for cosmetology, barbering, esthetics, or manicuring may engage in the commercial practice as required for the apprenticeship program.

Sec. 5. RCW 18.16.100 and 2003 c 400 s 5 are each amended to read as follows:

(1) Upon completion of an application approved by the department and payment of the proper fee, the director shall issue the appropriate license to any person who:

(a) Is at least seventeen years of age or older;

(b)(i) Has completed and graduated from a school licensed under this chapter in a curriculum approved by the director ~~((of sixteen hundred hours of training in cosmetology, one thousand hours of training in barbering, six hundred hours of training in manicuring, six hundred hours of training in esthetics, and/or five hundred hours of training as an instructor-trainee))~~ consisting of the hours of training required under this chapter for a school curriculum, or has met the requirements in RCW 18.16.020 or 18.16.130; or

(ii) Has successfully completed a state-approved apprenticeship ~~((training))~~ program consisting of the hours of training required under this chapter for the apprentice training curriculum; and

(c) Has received a passing grade on the appropriate licensing examination approved or administered by the director.

(2) A person currently licensed under this chapter may qualify for examination and licensure, after the required examination is passed, in another category if he or she has completed the crossover training course.

(3) Upon completion of an application approved by the department, certification of insurance, and payment of the proper fee, the director shall issue a location license to the applicant.

(4) The director may consult with the state board of health and the department of labor and industries in establishing training, apprenticeship, and examination requirements.

Sec. 6. RCW 18.16.175 and 2002 c 111 s 11 and 2002 c 86 s 216 are each reenacted and amended to read as follows:

(1) A salon/shop or mobile unit shall meet the following minimum requirements:

(a) Maintain an outside entrance separate from any rooms used for sleeping or residential purposes;

(b) Provide and maintain for the use of its customers adequate toilet facilities located within or adjacent to the salon/shop or mobile unit;

(c) Any room used wholly or in part as a salon/shop or mobile unit shall not be used for residential purposes, except that toilet facilities may be used (~~jointly~~) for both residential and business purposes;

(d) Meet the zoning requirements of the county, city, or town, as appropriate;

(e) Provide for safe storage and labeling of chemicals used in the practices under this chapter;

(f) Meet all applicable local and state fire codes; and

(g) Certify that the salon/shop or mobile unit is covered by a public liability insurance policy in an amount not less than one hundred thousand dollars for combined bodily injury and property damage liability.

(2) The director may by rule determine other requirements that are necessary for safety and sanitation of salons/shops, personal services, or mobile units. The director may consult with the state board of health and the department of labor and industries in establishing minimum salon/shop, personal services, and mobile unit safety requirements.

(3) Personal services license holders shall certify coverage of a public liability insurance policy in an amount not less than one hundred thousand dollars for combined bodily injury and property damage liability.

(4) Upon receipt of a written complaint that a salon/shop or mobile unit has violated any provisions of this chapter, chapter 18.235 RCW, or the rules adopted under either chapter, or at least once every two years for an existing salon/shop or mobile unit, the director or the director's designee shall inspect each salon/shop or mobile unit. If the director determines that any salon/shop or mobile unit is not in compliance with this chapter, the director shall send written notice to the salon/shop or mobile unit. A salon/shop or mobile unit which fails to correct the conditions to the satisfaction of the director within a reasonable time shall, upon due notice, be subject to the penalties imposed by the director under RCW 18.235.110. The director may enter any salon/shop or mobile unit during business hours for the purpose of inspection. The director may contract

with health authorities of local governments to conduct the inspections under this subsection.

(5) A salon/shop, personal services, or mobile unit shall obtain a certificate of registration from the department of revenue.

(6) This section does not prohibit the use of motor homes as mobile units if the motor home meets the health and safety standards of this section.

(7) Salon/shop or mobile unit licenses issued by the department must be posted in the salon/shop or mobile unit's reception area.

(8) Cosmetology, barbering, esthetics, and manicuring licenses issued by the department must be posted at the licensed person's work station.

Sec. 7. RCW 18.16.180 and 1991 c 324 s 16 are each amended to read as follows:

(1) The director shall prepare and provide to all licensed salons/shops a notice to consumers. At a minimum, the notice shall state that cosmetology, barber, esthetics, and manicure salons/shops are required to be licensed, that salons/shops are required to maintain minimum safety and sanitation standards, that customer complaints regarding salons/shops may be reported to the department, and a telephone number and address where complaints may be made.

(2) An approved apprenticeship shop must post a notice to consumers in the reception area of the salon/shop stating that services may be provided by an apprentice. At a minimum, the notice must state: "This shop is a participant in a state-approved apprenticeship program. Apprentices in this program are in training and have not yet received a license."

Sec. 8. RCW 18.16.280 and 2006 c 162 s 2 are each amended to read as follows:

~~((A cosmetology apprenticeship pilot program is hereby created.~~

~~(1) An advisory committee is created that may consist of representatives from individuals and businesses licensed under chapter 18.16 RCW; cosmetology, barbering, esthetics, and manicuring advisory board members; department of labor and industries; department of licensing; United States department of labor apprenticeship; and other interested parties.~~

~~(a) The advisory committee shall meet to review progress of the cosmetology apprenticeship pilot program.~~

~~(b) The department of labor and industries apprenticeship council shall coordinate the activities of the advisory committee. The advisory committee shall issue annual reports on the progress of the apprenticeship program to interested parties and shall issue a final report regarding the outcome of the apprenticeship program to be presented to the appropriate committees of the house of representatives and senate by December 31, 2005. The advisory committee shall submit an updated report, including an evaluation of the effectiveness of the apprenticeship program, to the appropriate committees of the house of representatives and senate by December 31, 2007.~~

~~(2) Up to twenty salons approved by the department of labor and industries apprenticeship council may participate in the apprenticeship program. The participating salons shall proportionately represent the geographic diversity of Washington state, including rural and urban areas, and salons located in both eastern and western Washington.~~

~~(3))~~ (1) An approved cosmetology apprenticeship program is hereby created. The apprenticeship program allows for the direct entry of individuals into a training program approved as provided in this chapter and chapter 49.04 RCW.

(2) The department of licensing shall adopt rules, including a mandatory requirement that apprentices complete in-classroom theory courses as a part of their training, to provide for the licensure of participants of the apprenticeship program.

~~((4) The cosmetology apprenticeship pilot program expires July 1, 2008.)~~

(3) Apprenticeship salon/shops participating in the apprenticeship program must:

(a) Be approved as an approved apprenticeship program conducted in an approved salon/shop by the Washington state apprenticeship and training council in accordance with chapter 49.04 RCW; and

(b) Provide the department with the names of all individuals acting as apprentice trainers.

(4) To act as an apprentice trainer, an individual must be approved by the department. To be approved, the trainer must hold a current license in the practice for which he or she is providing training and must have held that license for a minimum of three consecutive years.

(5) If an approved apprenticeship program or apprenticeship shop implements changes affecting the information required to be provided to the department under this section or rules adopted under this section, the revised information must be submitted to the department before implementing the changes.

(6) The director or the director's designee shall audit and inspect approved apprenticeship shops for compliance with this chapter at least annually. If the director determines that an approved apprenticeship shop is not maintaining the standards required by this chapter, written notice thereof must be given to the approved apprenticeship program and apprenticeship shop. An approved apprenticeship shop that fails to correct the conditions listed in the notice to the satisfaction of the director within a reasonable time may be subject to penalties imposed under RCW 18.235.110.

Passed by the House February 13, 2008.

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CHAPTER 21

[House Bill 2637]

CRIMINAL PROCESS RECORDS

AN ACT Relating to records in a criminal case; and adding a new chapter to Title 10 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that many businesses, associations, and organizations providing goods and services to the public, conducting other activity in Washington, or otherwise affecting residents of Washington now operate nationally or globally and often maintain their business

records in a location outside the state of Washington. The legislature further finds that bringing persons or organizations committing crimes in Washington to justice is a matter of great public interest because crimes have a significant effect on businesses, associations, and other organizations that conduct business in Washington, as well as on Washington citizens. Crimes result in significant harm and losses to persons, businesses, associations, and other organizations victimized, as well as persons not directly victimized when businesses or others more directly affected by the crimes must raise prices to cover crime losses. The ability of law enforcement and the criminal justice system to effectively perform their duties to the public often depends upon law enforcement agencies, prosecutors, and criminal defense attorneys being able to obtain and use records relevant to crimes that affect Washington's citizens, businesses, associations, organizations, and others who provide goods or services, or conduct other activity in Washington. In the course of fulfilling their duties to the public, law enforcement agencies, prosecutors, and criminal defense attorneys must frequently obtain records from these entities, and be able to use the records in court. The ability to obtain and use these records has an impact on Washington citizens because it affects the ability to enforce Washington's criminal laws and affects the deterrence value arising from criminal prosecution. Effectively combating crime requires laws facilitating and requiring that all those who possess records relevant to a criminal investigation comply with the legal process issued in connection with criminal investigations or litigation.

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

(1) "Adverse result" includes one or more of the following possible consequences:

- (a) Danger to the life or physical safety of an individual;
- (b) A flight from prosecution;
- (c) The destruction of, potential loss of, or tampering with evidence;
- (d) The intimidation of potential witnesses;
- (e) Jeopardy to an investigation or undue delay of a trial.

(2) "Applicant" means a law enforcement officer, prosecuting attorney, deputy or special deputy prosecuting attorney, or defense attorney who is seeking criminal process under section 3 of this act.

(3) "Criminal process" means a search warrant or legal process issued pursuant to RCW 10.79.015 and CrR 2.3; any process issued pursuant to chapter 9.73, 9A.82, 10.27, or 10.29 RCW; and any other legal process signed by a judge of the superior court and issued in a criminal matter which allows the search for or commands production of records that are in the actual or constructive possession of the recipient, regardless of whether the recipient or the records are physically located within the state.

(4) "Defense attorney" means an attorney of record for a person charged with a crime when the attorney is seeking the issuance of criminal process for the defense of the criminal case.

(5) "Properly served" means delivery by hand or in a manner reasonably allowing for proof of delivery if delivered by United States mail, overnight delivery service, or facsimile to the recipient addressee of criminal process.

(6) "Recipient" means a person, as defined in RCW 9A.04.110, or a business, as defined in RCW 5.45.010, that has conducted business or engaged

in transactions occurring at least in part in this state upon whom criminal process issued under this chapter is properly served.

NEW SECTION. Sec. 3. This section shall apply to any criminal process allowing for search of or commanding production of records that are in the actual or constructive possession of a recipient who receives service outside Washington, regardless of whether the recipient or the records are physically located within the state.

(1) When properly served with criminal process issued under this section, the recipient shall provide the applicant all records sought pursuant to the criminal process. The records shall be produced within twenty business days of receipt of the criminal process, unless the process requires earlier production. An applicant may consent to a recipient's request for additional time to comply with the criminal process.

(2) Criminal process issued under this section must contain the following language in bold type on the first page of the document: "This [warrant, subpoena, order] is issued pursuant to RCW [insert citation to this statute]. A response is due within twenty business days of receipt, unless a shorter time is stated herein, or the applicant consents to a recipient's request for additional time to comply."

(3) If the judge finds reason to suspect that failure to produce records within twenty business days would cause an adverse result, the criminal process may require production of records within less than twenty business days. A court may reasonably extend the time required for production of the records upon finding that the recipient has shown good cause for that extension and that an extension of time would not cause an adverse result.

(4) When properly served with criminal process issued under this section, a recipient who seeks to quash the criminal process must seek relief from the court where the criminal process was issued, within the time originally required for production of records. The court shall hear and decide the motion no later than five court days after the motion is filed. An applicant's consent, under subsection (1) of this section, to a recipient's request for additional time to comply with the criminal process does not extend the date by which a recipient must seek the relief designated in this section.

NEW SECTION. Sec. 4. (1) Upon written request from the applicant, or if ordered by the court, the recipient of criminal process shall verify the authenticity of records that it produces by providing an affidavit, declaration, or certification that complies with subsection (2) of this section. The requirements of RCW 5.45.020 regarding business records as evidence may be satisfied by an affidavit, declaration, or certification that complies with subsection (2) of this section, without the need for testimony from the custodian of records, regardless of whether the business records were produced by a foreign or Washington state entity.

(2) To be admissible without testimony from the custodian of records, business records must be accompanied by an affidavit, declaration, or certification by its record custodian or other qualified person that includes contact information for the witness completing the document and attests to the following:

(a) The witness is the custodian of the record or sets forth evidence that the witness is qualified to testify about the record;

(b) The record was made at or near the time of the act, condition, or event set forth in the record by, or from information transmitted by, a person with knowledge of those matters;

(c) The record was made in the regular course of business;

(d) The identity of the record and the mode of its preparation; and

(e) Either that the record is the original or that it is a duplicate that accurately reproduces the original.

(3) A party intending to offer a record into evidence under this section must provide written notice of that intention to all adverse parties, and must make the record and affidavit, declaration, or certification available for inspection sufficiently in advance of their offer into evidence to provide an adverse party with a fair opportunity to challenge them. A motion opposing admission in evidence of the record shall be made and determined by the court before trial and with sufficient time to allow the party offering the record time, if the motion is granted, to produce the custodian of the record or other qualified person at trial, without creating hardship on the party or on the custodian or other qualified person.

(4) Failure by a party to timely file a motion under subsection (4) of this section shall constitute a waiver of objection to admission of the evidence, but the court for good cause shown may grant relief from the waiver. When the court grants relief from the waiver, and thereafter determines the custodian of the record shall appear, a continuance of the trial may be granted to provide the proponent of the record sufficient time to arrange for the necessary witness to appear.

(5) Nothing in this section precludes either party from calling the custodian of record of the record or other witness to testify regarding the record.

NEW SECTION. Sec. 5. A Washington recipient, when served with process that was issued by or in another state that on its face purports to be valid criminal process shall comply with that process as if that process had been issued by a Washington court.

NEW SECTION. Sec. 6. A recipient of criminal process or process under sections 2 and 5 of this act, and any other person that responds to such process is immune from civil and criminal liability for complying with the process, and for any failure to provide notice of any disclosure to the person who is the subject of or identified in the disclosure.

NEW SECTION. Sec. 7. A judge of the superior court may issue any criminal process to any recipient at any address, within or without the state, for any matter over which the court has criminal jurisdiction pursuant to RCW 9A.04.030. This section does not limit a court's authority to issue warrants or legal process under other provisions of state law.

NEW SECTION. Sec. 8. Sections 1 through 7 of this act constitute a new chapter in Title 10 RCW.

Passed by the House February 13, 2008.

Passed by the Senate March 5, 2008.

Approved by the Governor March 14, 2008.
Filed in Office of Secretary of State March 17, 2008.

CHAPTER 22

[Substitute House Bill 2654]

MENTAL HEALTH CARE—CONSUMER-DIRECTED SERVICES

AN ACT Relating to consumer-directed mental health care; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. (1) The department of social and health services shall prepare a report on strategies for developing consumer and family run services. The report shall include the following:

(a) A plan for implementation of consumer and family run services in Washington;

(b) Amendment of the mental health waiver and state plan related to utilization of medicaid for financing of services provided by community service agencies;

(c) Identification of funding and resources needed for implementation of these services;

(d) Recommendations related to licensing or certification requirements that should be applied to community service agencies;

(e) Recommendations related to assuring the services provided by community service agencies are integrated with other treatment services; and

(f) Technical assistance needed to assist community service agencies to organize and become licensed or certified and eligible for receipt of medicaid funding.

(2) The department shall develop the report, including the amendment of the medicaid waiver and mental health state plan, in cooperation with a group of mental health consumers and family members. The report shall be provided to the appropriate committees of the senate and house of representatives by January 1, 2009.

Passed by the House February 13, 2008.

Passed by the Senate March 5, 2008.

Approved by the Governor March 14, 2008.

Filed in Office of Secretary of State March 17, 2008.

CHAPTER 23

[Substitute House Bill 2778]

REAL ESTATE—LICENSURE

AN ACT Relating to real estate licensure law; amending RCW 18.85.010, 18.85.030, 18.85.040, 18.85.050, 18.85.055, 18.85.060, 18.85.071, 18.85.080, 18.85.085, 18.85.090, 18.85.097, 18.85.100, 18.85.110, 18.85.120, 18.85.130, 18.85.140, 18.85.155, 18.85.165, 18.85.170, 18.85.180, 18.85.190, 18.85.200, 18.85.210, 18.85.215, 18.85.220, 18.85.225, 18.85.227, 18.85.230, 18.85.240, 18.85.261, 18.85.271, 18.85.281, 18.85.310, 18.85.315, 18.85.317, 18.85.320, 18.85.330, 18.85.340, 18.85.345, 18.85.350, 18.85.520, 18.85.530, and 18.85.560; adding new sections to chapter 18.85 RCW; recodifying RCW 18.85.010, 18.85.071, 18.85.080, 18.85.085, 18.85.040, 18.85.060, 18.85.210, 18.85.220, 18.85.030, 18.85.050, 18.85.055, 18.85.090, 18.85.560, 18.85.097, 18.85.110, 18.85.120, 18.85.130, 18.85.140, 18.85.155, 18.85.165, 18.85.170, 18.85.180, 18.85.190, 18.85.200, 18.85.215, 18.85.310, 18.85.320, 18.85.330, 18.85.315, 18.85.317, 18.85.100, 18.85.225, 18.85.227,

18.85.230, 18.85.240, 18.85.261, 18.85.271, 18.85.281, 18.85.340, 18.85.345, 18.85.350, 18.85.550, 18.85.520, 18.85.530, and 18.85.540; repealing RCW 18.85.095, 18.85.150, 18.85.400, 18.85.450, 18.85.460, 18.85.470, and 18.85.480; prescribing penalties; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 18.85.010 and 2003 c 201 s 1 are each amended to read as follows:

~~(In this chapter words and phrases have the following meanings unless otherwise apparent from the context:~~

~~(1) "Real estate broker," or "broker," means a person, while acting for another for commissions or other compensation or the promise thereof, or a licensee under this chapter while acting in his or her own behalf, who:~~

~~(a) Sells or offers for sale, lists or offers to list, buys or offers to buy real estate or business opportunities, or any interest therein, for others;~~

~~(b) Negotiates or offers to negotiate, either directly or indirectly, the purchase, sale, exchange, lease, or rental of real estate or business opportunities, or any interest therein, for others;~~

~~(c) Negotiates or offers to negotiate, either directly or indirectly, the purchase, sale, lease, or exchange of a manufactured or mobile home in conjunction with the purchase, sale, exchange, rental, or lease of the land upon which the manufactured or mobile home is, or will be, located;~~

~~(d) Advertises or holds himself or herself out to the public by any oral or printed solicitation or representation that he or she is so engaged; or~~

~~(e) Engages, directs, or assists in procuring prospects or in negotiating or closing any transaction which results or is calculated to result in any of these acts;~~

~~(2) "Real estate salesperson" or "salesperson" means any natural person employed, either directly or indirectly, by a real estate broker, or any person who represents a real estate broker in the performance of any of the acts specified in subsection (1) of this section;~~

~~(3) An "associate real estate broker" is a person who has qualified as a "real estate broker" who works with a broker and whose license states that he or she is associated with a broker;~~

~~(4) The word "person" as used in this chapter shall be construed to mean and include a corporation, limited liability company, limited liability partnership, or partnership, except where otherwise restricted;~~

~~(5)) The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.~~

(1) "Advertising" means any attempt by publication or broadcast, whether oral, written, or otherwise, to induce a person to use the services of a real estate firm, broker, managing broker, or designated broker.

(2) "Broker" means a natural person acting on behalf of a real estate firm to perform real estate brokerage services under the supervision of a designated broker or managing broker.

(3) "Business opportunity" ((shall)) means and includes business, business ((opportunity)) entity, and good will of an existing business or any one or combination thereof(;

~~(6) "Commission" means the real estate commission of the state of Washington;~~

~~(7) "Director" means the director of licensing;~~

~~(8) "Real estate multiple listing association" means any association of real estate brokers:~~

~~(a) Whose members circulate listings of the members among themselves so that the properties described in the listings may be sold by any member for an agreed portion of the commission to be paid; and~~

~~(b) Which require in a real estate listing agreement between the seller and the broker, that the members of the real estate multiple listing association shall have the same rights as if each had executed a separate agreement with the seller;~~

~~(9)) when the transaction or business includes an interest in real property.~~

~~(4) "Clear and conspicuous" in an advertising statement means the representation or term being used is of such a color, contrast, size, or audibility, and presented in a manner so as to be readily noticed and understood.~~

~~(5) "Clock hours of instruction" means actual hours spent in classroom instruction in any tax supported, public technical college, community college, or any other institution of higher learning or a correspondence course from any of the aforementioned institutions certified by such institution as the equivalent of the required number of clock hours, and the real estate commission may certify courses of instruction other than in the aforementioned institutions(=).~~

~~((10) "Incapacitated" means the physical or mental inability to perform the duties of broker prescribed by this chapter; and~~

~~(4)) (6) "Commercial real estate" means any parcel of real estate in this state other than real estate containing one to four residential units. "Commercial real estate" does not include a single-family residential lot or single-family residential units such as condominiums, townhouses, manufactured homes, or homes in a subdivision when sold, leased, or otherwise conveyed on a unit-by-unit basis, even when those units are part of a larger building or parcel of real estate, unless the property is sold or leased for a commercial purpose.~~

~~(7) "Commission" means the real estate commission of the state of Washington.~~

~~(8) "Controlling interest" means the ability to control either the operational or financial, or both, decisions of a firm.~~

~~(9) "Department" means the Washington department of licensing.~~

~~(10) "Designated broker" means:~~

~~(a) A natural person who owns a sole proprietorship real estate firm; or~~

~~(b) A natural person with a controlling interest in the firm who is designated by a legally recognized business entity such as a corporation, limited liability company, limited liability partnership, or partnership real estate firm, to act as a designated broker on behalf of the real estate firm, and whose managing broker's license receives an endorsement from the department of "designated broker."~~

~~(11) "Director" means the director of the department of licensing.~~

~~(12) "Inactive license" means the status of a license that is not expired and is not affiliated with a firm.~~

~~(13) "Licensee" means a person holding a license as a real estate firm, managing broker, or broker.~~

~~(14) "Managing broker" means a natural person acting on behalf of a real estate firm to perform real estate brokerage services under the supervision of the designated broker, and who may supervise other brokers or managing brokers licensed to the firm.~~

(15) "Person" includes a natural person, corporation, limited liability company, limited liability partnership, partnership, or public or private organization or entity of any character, except where otherwise restricted.

(16) "Real estate brokerage services" means any of the following services offered or rendered directly or indirectly to another, or on behalf of another for compensation or the promise or expectation of compensation, or by a licensee on the licensee's own behalf:

(a) Listing, selling, purchasing, exchanging, optioning, leasing, renting of real estate, or any real property interest therein; or any interest in a cooperative;

(b) Negotiating or offering to negotiate, either directly or indirectly, the purchase, sale, exchange, lease, or rental of real estate, or any real property interest therein; or any interest in a cooperative;

(c) Listing, selling, purchasing, exchanging, optioning, leasing, renting, or negotiating the purchase, sale, lease, or exchange of a manufactured or mobile home in conjunction with the purchase, sale, lease, exchange, or rental of the land upon which the manufactured or mobile home is or will be located;

(d) Advertising or holding oneself out to the public by any solicitation or representation that one is engaged in real estate brokerage services;

(e) Advising, counseling, or consulting buyers, sellers, landlords, or tenants in connection with a real estate transaction;

(f) Issuing a broker's price opinion. For the purposes of this chapter, "broker's price opinion" means an oral or written report of property value that is prepared by a licensee under this chapter and is not an appraisal as defined in RCW 18.140.010 unless it complies with the requirements established under chapter 18.140 RCW;

(g) Collecting, holding, or disbursing funds in connection with the negotiating, listing, selling, purchasing, exchanging, optioning, leasing, or renting of real estate or any real property interest; and

(h) Performing property management services, which includes with no limitation: Marketing; leasing; renting; the physical, administrative, or financial maintenance of real property; or the supervision of such actions.

(17) "Real estate firm" or "firm" means a sole proprietorship, partnership, limited liability partnership, corporation, limited liability company, or other legally recognized business entity conducting real estate brokerage services in this state and licensed by the department as a real estate firm.

Sec. 2. RCW 18.85.030 and 1997 c 322 s 2 are each amended to read as follows:

The director shall appoint (~~(an)~~) adequate staff to assist him or her.

Sec. 3. RCW 18.85.040 and 2002 c 86 s 229 are each amended to read as follows:

(1) The director, with the advice and approval of the commission, may issue rules (~~(and regulations)~~) to govern the activities of real estate brokers, (~~(associate real estate)~~) managing brokers, designated brokers, and ((salespersons)) real estate firms, consistent with this chapter and chapters 18.86 and 18.235 RCW, fix the times and places for holding examinations of applicants for licenses, and prescribe the method of conducting them.

(2)(a) The director shall enforce all laws(~~(,)~~) and rules(~~(, and regulations)~~) relating to the licensing of real estate firms, brokers, (~~(associate real estate)~~)

managing brokers, and ~~((salespersons)) designated brokers, grant or deny licenses including temporary licenses to real estate firms, brokers, ~~((associate real estate)) and managing brokers, ~~((and salespersons,)) and hold hearings.~~~~~~

(b) The director shall enforce all laws and rules relating to the issuance of certificates of approval to real estate schools, real estate school administrators and instructors, and approval of real estate education courses.

(3) The director shall establish by rule standards for licensure of applicants licensed in other jurisdictions and for reciprocity including the use of written recognition agreements.

(4) The director may issue rules requiring all applicants to submit to a criminal background check, and the applicant is responsible for the payment of any fees incurred.

(5) The director shall adopt rules and establish standards relating to permissible forms of clear and conspicuous advertising by licensees.

(6) The director shall institute a program of real estate education ~~((including, but not limited to, instituting a)).~~ The program ~~((of education)) may include courses at institutions of higher education in Washington, trade schools, private real estate schools, and preapproved forums and conferences.~~ The ~~((overall))~~ program shall include establishing minimum levels of ongoing education for licensees relating to the practice of real estate ~~((by real estate brokers and salespersons))~~ under this chapter. The program may also include the development or implementation of curricula courses, educational materials, or approaches to education relating to real estate when required~~((;))~~ or approved~~((; or certified))~~ for continuing education credit. The director may develop and provide educational programs and materials for members of the public. The director may enter into contracts with other persons or entities, whether publicly or privately owned or operated, to assist in developing or implementing the real estate education program.

~~((5))~~ (7) The director shall charge a fee~~((, as prescribed by the director by rule,))~~ for the certification of courses of instruction, instructors, and schools.

(8) The director may take disciplinary action against real estate schools and real estate school administrators and instructors based upon conduct, acts, or conditions prescribed by rule, and may impose any or all of the following sanctions and fines:

(a) Withdrawal of the certificate of approval;

(b) Suspension of the certificate of approval for a fixed or indefinite term;

(c) Stayed suspension for a designated period of time;

(d) Censure or reprimand;

(e) Payment of a fine for each violation not to exceed one thousand dollars per day per violation. Each day a violation continues or occurs is a separate violation for purposes of imposing a penalty;

(f) Denial of an initial or renewal application for a certificate of approval;
and

(g) Other corrective action.

Sec. 4. RCW 18.85.050 and 1972 ex.s. c 139 s 4 are each amended to read as follows:

~~((Neither)) While employed with the department, the director ~~((nor any)) and employees~~((, shall be interested in any real estate business regulated by chapter 139, Laws of 1972 ex. sess.: PROVIDED, That)) who administer,~~~~~~

regulate, or enforce real estate laws and rules must relinquish interest in any real estate business regulated by this chapter. If any real estate ((broker, associate real estate broker, or salesman)) licensee is employed by the director ((or by the commission)) as an employee, the license of ((such)) the broker, ((associate)) real estate ((broker)) firm, or ((salesman shall not be revoked, suspended, or canceled by reason thereof)) managing broker is placed on inactive status and remains inactive until the cessation of employment with the director.

Sec. 5. RCW 18.85.055 and 1987 c 514 s 2 are each amended to read as follows:

((No)) Persons licensed under this chapter who ((is employed by the state and who is conducting real estate transactions on behalf of the state may hold an active license under this chapter)) are employed by a town, city, or county, and who are conducting real estate transactions on behalf of the town, city, or county, may hold active licenses under this chapter, and their designated and managing brokers are not responsible for their real estate transactions on behalf of their town, city, or county employer.

Sec. 6. RCW 18.85.060 and 1997 c 322 s 3 are each amended to read as follows:

The director shall adopt a seal with the words "real estate director, state of Washington," and such other device as the director may approve engraved thereon, by which ((he or she)) the director shall authenticate the proceedings of the office. Copies of all records and papers in the office of the director certified to be ((a)) true ((copy)) copies under the hand and seal of the director shall be received in evidence in all cases equally and with like effect as the originals. The director may ((deputize)) authorize one or more assistants to certify records and papers.

Sec. 7. RCW 18.85.071 and 1972 ex.s. c 139 s 6 are each amended to read as follows:

There is established the real estate commission of the state of Washington, consisting of the director who is the chair of the commission and six commission members who shall act in an advisory capacity to the director. The commission shall annually elect a vice-chair to conduct the commission meetings in the absence of the director.

The governor must appoint six commission members ((shall be appointed by the governor in the following manner:)) for a term of six years each ((, with the exception of the first appointees, who shall be appointed one for a term of one year, one for a term of two years, one for a term of three years, one for a term of four years, one for a term of five years, and one for a term of six years, with all other subsequent appointees to be appointed for a six year term)). At least two of the commission members shall be selected from the area in the state west of the Cascade mountain range and at least two shall be selected from that area of the state east of the Cascade mountain range. No commission member shall be appointed who has had less than five years' experience in ((the sale, operation, or management of)) performing real estate brokerage services in this state, or has had at least three years' experience in investigative work of a similar nature, preferably in connection with the administration of real estate license law of this state or elsewhere. The governor must fill by appointment any vacancies

on the commission (~~(shall be filled by appointment by the governor)~~) for the unexpired term.

Sec. 8. RCW 18.85.080 and 1984 c 287 s 49 are each amended to read as follows:

The six board members of the commission shall be compensated in accordance with RCW 43.03.240, plus travel expenses in accordance with RCW 43.03.050 and 43.03.060 when they (~~(shall be)~~) are called into session by the director (~~(or when presiding at examinations for applicants for licenses)~~) or when otherwise engaged in the business of the commission. The commission shall meet four times a year or at the call of the director.

Sec. 9. RCW 18.85.085 and 1997 c 322 s 4 are each amended to read as follows:

The commission shall have authority to hold educational conferences for the benefit of the industry, and shall conduct examinations of applicants for licenses under this chapter. The commission shall ensure that examinations are prepared and administered at examination centers throughout the state and may approve examination locations in foreign jurisdictions.

NEW SECTION. **Sec. 10.** (1) The minimum requirements for a firm to receive a license are that the firm:

(a) Designates a managing broker as the "designated broker" who has authority to act for the firm, and provides the director with the name of the owner or owners or any others with a controlling interest in the firm;

(b) Assures that no person with controlling interest in the firm is the subject of a final departmental order, as provided in chapter 34.05 RCW, suspending or revoking any type of real estate license; and

(c) Does not adopt a name that is the same or similar to currently issued licenses or that implies the real estate firm is a nonprofit or research organization, or is a public bureau or group.

(2) An applicant for a real estate firm's license shall provide the director with:

(a) The firm name and unified business identifier number;

(b) Washington business mailing and street address, contact telephone number, if any, and a mailing and physical address for either the firm's trust account or business records location, or both;

(c) Internet home page site and business e-mail address, if any;

(d) Application fee prescribed by the director; and

(e) Any other information the director may require.

(3) The firm must provide the following to the department for renewal of the firm's license:

(a) Renewal fee;

(b) Notice of any change in controlling interest for the firm; and

(c) Notice of any change in the firm's registration or certificate of authority filed with the secretary of state.

Sec. 11. RCW 18.85.090 and 1994 c 291 s 1 are each amended to read as follows:

(1) The minimum requirements for an individual to receive a broker's license are that the individual:

(a) Is eighteen years of age or older;

(b) Has a high school diploma or its equivalent;

(c) ~~((Has had a minimum of two years of actual experience as a full time real estate salesperson in this state or in another state having comparable requirements within the five years previous to applying for the broker's license examination or is, in the opinion of the director, otherwise and similarly qualified, or is otherwise qualified by reason of practical experience in a business allied with or related to real estate;~~

~~((d))~~ Except as provided in RCW 18.85.097 (as recodified by this act), has furnished proof, as the director may require, that the applicant has successfully completed ~~((one hundred twenty))~~ ninety hours of instruction in real estate. Instruction must include ~~((one course in brokerage management, one course in real estate law, one course in business management, and one elective course))~~ courses as prescribed by the director including fundamentals and practices. Each course must be completed within ~~((five))~~ two years ~~((prior to))~~ before applying for the broker's license examination ~~((, be at least thirty clock hours;))~~ and be approved by the director. The applicant must pass a course examination, approved by the director for each course used to satisfy the broker's license requirement; and

~~((e))~~ (d) Has passed the broker's license examination.

(2) ~~((Nothing in this section applies to persons who are licensed as brokers under any real estate law in Washington that exists prior to this law's enactment, but only if their license has not been subsequently canceled or revoked.))~~ The broker's license may be renewed upon completion of continuing education courses and payment of the renewal fee as prescribed by the director. The education requirements for the first renewal of the broker's license must include ninety hours of courses as prescribed by the director, including real estate law, advance practices, and continuing education.

(3) The broker is licensed to one firm at a time and is supervised by a designated or managing broker.

NEW SECTION. Sec. 12. (1) The minimum requirements for an individual to receive a managing broker's license are that the individual:

(a) Is eighteen years of age or older;

(b) Has a high school diploma or its equivalent;

(c) Has had a minimum of three years of licensed experience as a full-time real estate broker in this state or in another jurisdiction having comparable requirements within the five years previous to applying for the managing broker's license examination or is otherwise qualified by reason of practical experience in a business allied with or related to real estate as prescribed by rule;

(d) Except as provided in RCW 18.85.097 (as recodified by this act), has furnished proof, as the director may require, that the applicant has successfully completed ninety hours of instruction in real estate. Instruction must include courses as prescribed by the director including real estate brokerage management, business management, and advanced real estate law. The director may approve and accept other related education. Each course must be completed within three years before applying for the managing broker's license examination, be at least thirty clock hours, and be approved by the director. The applicant must pass a course examination, approved by the director for each course that is used to satisfy the managing broker's license requirement; and

(e) Has passed the managing broker's license examination.

(2) A managing broker's license may be renewed upon completion of continuing education courses and payment of the renewal fee as prescribed by the director.

(3) A managing broker can be licensed to one firm only at any one time.

NEW SECTION. Sec. 13. (1) A designated broker must hold a license as a managing broker in accordance with section 12 of this act, and may act as a designated broker for more than one firm. The department shall register designated brokers.

(2) A managing broker for a firm must be registered to that firm as its designated broker if that managing broker accepts endorsements from other firms as their designated broker.

(3) Registered designated brokers must immediately notify the department of additional firms for which they serve as designated broker, and shall receive a printed endorsement on their managing broker's licenses indicating the names of all firms for which they serve as designated broker.

Sec. 14. RCW 18.85.097 and 1994 c 291 s 4 are each amended to read as follows:

The director may allow for substitution of the clock-hour requirements in RCW 18.85.090(1)(~~(d) and 18.85.095(1)(b)~~) (c) (as recodified by this act) and section 12(1)(d) of this act, if the director makes a determination that the individual is otherwise and similarly qualified by reason of completion of equivalent educational coursework in any institution of higher education as defined in RCW 28B.10.016 or any degree-granting institution as defined in RCW 28B.85.010 approved by the director. The director shall establish, by rule, guidelines for determining equivalent educational coursework.

Sec. 15. RCW 18.85.100 and 1997 c 322 s 6 are each amended to read as follows:

It (~~shall be~~) is unlawful for any person to act as a real estate broker, (~~associate real estate~~) managing broker, or real estate (~~salesperson~~) firm without first obtaining a license therefor, and otherwise complying with the provisions of this chapter.

No suit or action shall be brought for the collection of compensation as a real estate broker, (~~associate~~) real estate firm, managing broker, or (~~real estate salesperson~~) designated broker, without alleging and proving that the plaintiff was a duly licensed real estate broker, (~~associate real estate~~) managing broker, or real estate (~~salesperson prior to~~) firm before the time of offering to perform any (~~such act or service~~) real estate transaction or procuring any promise or contract for the payment of compensation for any (~~such~~) contemplated (~~act or service~~) real estate transaction.

Sec. 16. RCW 18.85.110 and 1997 c 322 s 7 are each amended to read as follows:

This chapter shall not apply to:

(1) Any person who purchases or disposes of property and/or a business opportunity for ((his or her)) that individual's own account, or that of a group of which ((he or she)) the person is a member((, or who, as the owner or part owner of property, and/or a business opportunity, in any way disposes of the same; nor)), and their employees;

(2) Any duly authorized attorney-in-fact acting under a power of attorney without compensation~~((-or))~~;

(3) An attorney-at-law in the performance of ~~((his or her duties; nor, (3)))~~ the practice of law;

(4) Any receiver, trustee in bankruptcy, executor, administrator, guardian, personal representative, or any person acting under the order of any court, ~~((or))~~ selling under a deed of trust, or acting as trustee under a trust; ~~((nor, (4)))~~

(5) Any secretary, bookkeeper, accountant, or other office personnel who does not engage in any conduct or activity specified in any of the definitions under RCW 18.85.010 (as recodified by this act); ~~((nor, (5) any owner of rental or lease property, members of the owner's family whether or not residing on such property, or a resident manager of a complex of residential dwelling units wherein such manager resides; nor, (6) any person who manages residential dwelling units on an incidental basis and not as his or her principal source of income so long as that person does not advertise or hold out to the public by any oral or printed solicitation or representation that he or she is so engaged; nor, (7)))~~

(6) Employees of towns, cities, counties, or governmental entities involved in an acquisition of property for right-of-way, eminent domain, or threat of eminent domain;

(7) Only with respect to the rental or lease of individual storage space, any person who owns or manages a self-service storage facility as defined under chapter 19.150 RCW;

(8) Any person providing referrals to licensees who is not involved in the negotiation, execution of documents, or related real estate brokerage services, and compensation is not contingent upon receipt of compensation by the licensee or the real estate firm;

(9) Certified public accountants if they do not promote the purchase, listing, sale, exchange, optioning, leasing, or renting of a specific real property interest;

(10) Any natural persons or entities including title or escrow companies, escrow agents, attorneys, or financial institutions acting as escrow agents if they do not promote the purchase, listing, sale, exchange, optioning, leasing, or renting of a specific real property interest;

(11) Investment counselors if they do not promote the purchase, listing, sale, exchange, optioning, leasing, or renting of a specific real property interest; and

(12) Any person employed or retained by, for, or on behalf of the owner or on behalf of a designated or managing broker if the person is limited in property management to any of the following activities:

(a) Delivering a lease application, a lease, or any amendment thereof to any person;

(b) Receiving a lease application, lease, or amendment thereof, a security deposit, rental payment, or any related payment for delivery to and made payable to the real estate firm or owner;

(c) Showing a rental unit to any person, or executing leases or rental agreements, and the employee or retaine is acting under the direct instruction of the owner or designated or managing broker;

(d) Providing information about a rental unit, a lease, an application for lease, or a security deposit and rental amounts to any prospective tenant; or

(e) Assisting in the performance of property management functions by carrying out administrative, clerical, financial, or maintenance tasks.

Sec. 17. RCW 18.85.120 and 1997 c 322 s 8 are each amended to read as follows:

~~((Any))~~ (1) A person desiring a license as a real estate firm shall apply on a form prescribed by the director. A person desiring ((to be)) a license as a real estate broker((, associate real estate broker,)) or ((real estate salesperson,)) managing broker must pay an examination fee and pass an examination ((as provided in this chapter)). ((Such)) The person shall ((make application)) apply for an examination and for a license on a form prescribed by the director. Concurrently, the applicant shall:

~~((1))~~ Pay an examination fee as prescribed by the director by rule.) (a) Furnish other proof as the director may require concerning the honesty, truthfulness, and good reputation, as well as the identity, which may include fingerprints and criminal background checks, of any applicants for a license, or of the officers of a corporation, limited liability company, other legally recognized business entity, or the partners of a limited liability partnership or partnership, making the application;

~~((2))~~ (b) If the applicant is a corporation, furnish a certified copy of its articles of incorporation, and a list of its officers and directors and their addresses. If the applicant is a foreign corporation, the applicant shall furnish a certified copy of certificate of authority to conduct business in the state of Washington, a list of its officers and directors and their addresses, and evidence of current registration with the secretary of state. If the applicant is a limited liability company or other legally recognized business entity, the applicant shall furnish a list of the members and managers of the company and their addresses. If the applicant is a limited liability partnership or partnership, the applicant shall furnish a list of the partners thereof and their addresses((-);

~~((3))~~ Furnish such other proof as the director may require concerning the honesty, truthfulness, and good reputation, as well as the identity, which may include fingerprints, of any applicants for a license, or of the officers of a corporation, or limited liability company, or the partners of a limited liability partnership or partnership, making the application.) (c) Unless the applicant is a corporation or limited liability company, complete a fingerprint-based background check through the Washington state patrol criminal identification system and through the federal bureau of investigation. The applicant must submit the fingerprints and required fee for the background check to the director for submission to the Washington state patrol. The director may consider the recent issuance of a license that required a fingerprint-based national criminal information background check, or recent employment in a position that required a fingerprint-based national criminal information background check, in addition to fingerprints to accelerate the licensing and endorsement process. The director may adopt rules to establish a procedure to allow a person covered by this section to have the person's background rechecked under this subsection upon application for a renewal license.

(2) The director must develop by rule a procedure and schedule to ensure all applicants for licensure have a fingerprint and background check done on a regular basis.

Sec. 18. RCW 18.85.130 and 1997 c 322 s 9 are each amended to read as follows:

The director shall provide each original applicant for an examination (~~(with a manual containing)~~) a sample list of questions and answers pertaining to real estate law and the operation of the business and may provide the same at cost to any licensee or to other members of the public. The director shall ascertain by written examination, that each applicant (~~(, and in case of a corporation, limited liability company, limited liability partnership, or partnership, that each officer, agent, or partner thereof whom it proposes to act as licensee.)~~) has:

(1) An appropriate knowledge of the English language, including reading, writing, (~~(spelling)~~) and (~~(arithmetic)~~) mathematics;

(2) An understanding of the principles of conveying real estate (~~(conveyancing)~~) and the general purposes and legal effect of deeds, (~~(mortgages, land contracts of sale, exchanges, rental and option agreements)~~) finance contracts, and leases;

(3) An understanding of the principles of (~~(land economics)~~) real estate investment, property valuation, and appraisals;

(4) An understanding of (~~(the obligations between principal and agent)~~) real estate broker agency relationships;

(5) An understanding of the principles of real estate practice and the canons of business ethics pertaining thereto; and(~~(,))~~)

(6) An understanding of the provisions of chapters 18.86 and 18.235 RCW and this chapter.

The examination for real estate managing brokers shall be more exacting than that for real estate (~~(salespersons)~~) brokers.

All moneys received for the sale of (~~(the manual)~~) educational literature to licensees and members of the public shall be placed in the real estate commission fund (~~(to be returned to the current biennium operating budget)~~).

Sec. 19. RCW 18.85.140 and 1997 c 322 s 10 are each amended to read as follows:

Before receiving (~~(his or her)~~) a license, every real estate broker, (~~(every associate real estate)~~) managing broker, and (~~(every real estate salesperson)~~) firm must pay a license fee as prescribed by the director by rule. (~~(Every)~~) A license issued under the provisions of this chapter expires (~~(on the applicant's second birthday following issuance of the license)~~) two years from the issuance date. Licenses issued to real estate firms that are partnerships, limited liability partnerships, limited liability companies, (~~(and)~~) corporations, and other legally recognized business entities expire on (~~(a)~~) the date (~~(prescribed by the director by rule, except that if)~~) when the registration or certificate of authority filed with the secretary of state expires (~~(, the real estate broker's license issued shall expire on that date)~~). Licenses must be renewed every two years on or before the date established under this section and a biennial renewal license fee as prescribed by the director by rule must be paid. A license is considered expired when the licensee fails to meet the renewal requirements as of the date of renewal for that license.

If the (~~(application for a renewal license is not received by the)~~) director does not receive the application for a renewal license on or before the renewal date, a penalty fee as prescribed by the director by rule shall be paid.

Acceptance by the director of an application for renewal after the renewal date shall not be a waiver of the delinquency.

The license of ~~((any))~~ a person whose license renewal fee is not received within one year from the date of expiration ~~((shall be))~~ is canceled. This person may obtain a new license by satisfying the procedures and requirements as prescribed by the director by rule.

The director ~~((shall))~~ may issue to each active licensee a license and a pocket identification card in ~~((such))~~ the form and size as ~~((he or she shall prescribe))~~ prescribed by rule.

The director must develop by rule a procedure and a schedule to ensure all active licensees and licensees applying for active status, renewal, or reinstatement have a fingerprint and background check done on a regular basis.

Sec. 20. RCW 18.85.155 and 1997 c 322 s 12 are each amended to read as follows:

Responsibility for any ~~((salesperson, associate))~~ real estate broker, managing broker, or branch manager in conduct covered by this chapter shall rest with the designated broker to which such licensees shall be licensed.

In addition to the designated broker, a branch manager shall bear responsibility for ~~((salespersons and associate))~~ brokers and managing brokers operating under the branch manager at a branch office.

NEW SECTION. Sec. 21. (1) The designated broker or managing broker shall supervise the conduct of brokers and managing brokers for compliance with this chapter, chapter 18.235 RCW, and RCW 18.86.030.

(2) Listings, transactions, management agreements, and other contracts relating to providing brokerage services are property of the real estate firm. Brokers shall timely deliver to their appointed managing broker all funds and records required to be held or maintained by the real estate firm. A managing broker is responsible for such funds and records only after they are received from the broker. A managing broker shall timely deliver to the designated broker all funds and records required to be held or maintained by the real estate firm. The designated broker is responsible for such funds and records only after they are received from the managing broker or broker.

(3) The designated broker may delegate by written agreement the duties of safe handling of client funds, maintenance of trust accounts, and transaction and trust account records, along with supervision of brokers, to a managing broker licensed to the firm. The designated broker shall maintain a record of the firm's managing brokers and delegations to managing brokers.

(4) The designated broker or the designated broker's delegate has the authority to amend, modify, bind, create, rescind, terminate, or release real estate brokerage service contracts on behalf of the real estate firm. The designated broker has the authority to accept new or transferred licensees to represent the real estate firm.

(5) A broker who supervises or exercises right of control over other brokers in the performance of real estate brokerage services must be licensed as a managing broker.

(6) During the first two years of a broker's licensure, a managing broker must provide a heightened level of supervision as provided by rule of the director.

Sec. 22. RCW 18.85.165 and 1997 c 322 s 13 are each amended to read as follows:

All real estate brokers (~~(, associate brokers,)~~) and ~~((salespersons))~~ managing brokers shall furnish proof as prescribed by rule of the director ~~((may require))~~ that they have successfully completed ~~((a total of thirty))~~ at least the required minimum number of thirty clock hours of instruction every two years in real estate courses approved by the director ~~((in order))~~ to renew their licenses. The director may adopt rules to limit the number of hours of distance education courses that may be used for license renewal. Up to fifteen clock hours of instruction ~~((beyond the thirty hours in two years))~~ in excess of the required thirty clock hours acquired within the immediately preceding two-year period may be carried forward for credit in a subsequent two-year period. ~~((To count towards this requirement, a course shall be commenced within thirty-six months before the proof date for renewal.))~~ Examinations shall not be required to fulfill any part of the education requirement in this section. ~~((This section shall apply to renewal dates after January 1, 1991.))~~

Sec. 23. RCW 18.85.170 and 1997 c 322 s 14 are each amended to read as follows:

No license issued under the provisions of this chapter shall authorize any person other than the person ~~((to whom it is issued))~~ named on the license to do any act by virtue thereof nor to operate in any other manner than under ~~((his or her own))~~ the name ~~((except:~~

(1) ~~When a license is issued to a corporation it shall entitle one officer thereof, to be named by the corporation in its application, who shall qualify the same as any other broker, to act as a real estate broker on behalf of said corporation, without the payment of additional fees;~~

(2) ~~When a license is issued to a limited liability company it shall entitle one manager or member of the company, to be named by the limited liability company in its application, who shall qualify the same as any broker, to act as a real estate broker on behalf of the limited liability company, without the payment of additional fees;~~

(3) ~~When a license is issued to a limited liability partnership or partnership it shall entitle one partner thereof to be named in the application, who shall qualify to act as a real estate broker on behalf of the limited liability partnership or partnership, without the payment of additional license fees;~~

(4) ~~A licensed broker, associate broker, or salesperson may operate and/or advertise under a name other than the one under which the license is issued by obtaining the written consent of the director to do so;~~

(5) ~~A broker may establish one or more branch offices under a name or names different from that of the main office if the name or names are approved by the director, so long as each branch office is clearly identified as a branch or division of the main office. No broker may establish branch offices under more than three names. Both the name of the branch office and of the main office must clearly appear on the sign identifying the office, if any, and in any advertisement or on any letterhead of any stationery or any forms, or signs used by the real estate firm on which either the name of the main or branch offices appears)) appearing on the license. A real estate firm has the option to utilize one or more assumed names in the conduct and operation of the firm's real estate business. However, before using a name other than that appearing on the~~

license, the firm must obtain a separate license for each and every additional assumed name. All real estate brokerage services shall be conducted in the name of the real estate firm or its licensed assumed name or names.

Sec. 24. RCW 18.85.180 and 1997 c 322 s 15 are each amended to read as follows:

Every licensed real estate ~~((broker))~~ firm must have and maintain an office or records depositories accessible in this state ~~((accessible))~~ to ~~((the public which shall serve as the office for the transaction of business. Any office so established must comply with the zoning requirements of city or county ordinances and the broker's license must be prominently displayed therein))~~ representatives of the director. The firm must maintain and produce a complete set of records as required by this chapter. The director may prescribe rules for alternative and electronic record storage.

Sec. 25. RCW 18.85.190 and 1989 c 161 s 3 are each amended to read as follows:

A ~~((real-estate))~~ designated broker may apply to the director for authority to establish one or more branch offices under the same name as the ~~((main-office))~~ real estate firm upon the payment of a fee as prescribed by the director by rule. The director shall issue a duplicate license for each of the branch offices showing the location of the ~~((main-office))~~ real estate firm and the particular branch. Each duplicate license shall be prominently displayed in the office for which it is issued. Each branch office shall be required to have a branch manager who shall be ~~((an-associate))~~ a managing broker authorized by the designated broker to perform the duties of a branch manager.

A branch office license shall not be required where real estate sales activity is conducted on and, limited to a particular subdivision or tract, if a licensed office or branch office is located within thirty-five miles of the subdivision or tract.

Sec. 26. RCW 18.85.200 and 1987 c 332 s 7 are each amended to read as follows:

A designated broker, managing broker, or firm shall give notice in writing ~~((shall be given))~~ to the director of any change ~~((by a real estate broker, associate broker, or salesperson))~~ of ~~((his or her))~~ that licensee's business or records depository location ~~((or of any branch office))~~. Upon the surrender of the original license for the business ~~((or the duplicate license applicable to a branch office,))~~ and a payment of a fee as prescribed by the director by rule, the director shall issue a new license ~~((or duplicate license, as the case may be,))~~ covering the new location.

Sec. 27. RCW 18.85.210 and 1997 c 322 s 16 are each amended to read as follows:

The director may publish a copy of this chapter and ~~((such))~~ information relative to the enforcement of this chapter and may mail a copy of this chapter and the information to each licensed broker, managing broker, and firm.

Sec. 28. RCW 18.85.215 and 1994 c 291 s 3 are each amended to read as follows:

(1) Any license issued under this chapter and not otherwise revoked ~~((shall be))~~ is deemed "inactive" at any time it is delivered to the director. Until

reissued under this chapter, the holder of an inactive license (~~(shall be deemed to be unlicensed)~~) is prohibited from conducting real estate brokerage services.

(2) An inactive license may be renewed on the same terms and conditions as an active license, except that a person with an inactive license need not comply with the education requirements of RCW (~~(18.85.095(2)(a))~~) 18.85.090(1)(c) or 18.85.165 (as recodified by this act). Failure to renew shall result in cancellation in the same manner as an active license.

(3) An inactive license may be placed in an active status upon completion of an application as provided by the director and upon compliance with this chapter and the rules adopted pursuant thereto. If a holder has an inactive license for more than three years, the holder must show proof of successfully completing a thirty clock hour course in real estate within one year (~~(prior to)~~) before the application for active status. Holders employed by the state and conducting real estate transactions on behalf of the state are exempt from this course requirement.

(4) The provisions of this chapter relating to the denial, suspension, and revocation of a license (~~(shall be)~~) are applicable to an inactive license as well as an active license, except that when proceedings to suspend or revoke an inactive license have been initiated, the license shall remain inactive until the proceedings have been completed.

Sec. 29. RCW 18.85.220 and 1993 c 50 s 1 are each amended to read as follows:

All fees required under this chapter shall be set by the director in accordance with RCW 43.24.086 and shall be paid to the state treasurer. All fees paid under the provisions of this chapter shall be placed in the real estate commission account in the state treasury. All money derived from fines imposed under this chapter shall be deposited in the real estate education program account created (~~(by)~~) in RCW 18.85.317 (as recodified by this act).

Sec. 30. RCW 18.85.225 and 1996 c 293 s 14 are each amended to read as follows:

The director shall suspend the license of any natural person who has been certified by a lending agency and reported to the director for nonpayment or default on a federally or state-guaranteed educational loan or service-conditional scholarship. (~~(Prior to)~~) Before the suspension, the agency must provide the (~~(person)~~) individual an opportunity for a brief adjudicative proceeding under RCW 34.05.485 through 34.05.494 and issue a finding of nonpayment or default on a federally or state-guaranteed educational loan or service-conditional scholarship. The (~~(person's)~~) individual's license shall not be reissued until the (~~(person)~~) individual provides the director a written release issued by the lending agency stating that the (~~(person)~~) individual is making payments on the loan in accordance with a repayment agreement approved by the lending agency. If the (~~(person)~~) individual has continued to meet all other requirements for licensure during the suspension, reinstatement (~~(shall be)~~) is automatic upon receipt of the notice and payment of any reinstatement fee the director may impose.

Sec. 31. RCW 18.85.227 and 1997 c 58 s 826 are each amended to read as follows:

The director shall immediately suspend the license of (~~(a)~~) any broker or (~~(salesperson)~~) managing broker who has been certified pursuant to RCW

74.20A.320 by the department of social and health services as ~~((a person))~~ an individual who is not in compliance with a support order or a ~~((residential or))~~ visitation order. If the ~~((person))~~ individual has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license ~~((shall be))~~ is automatic upon the director's receipt of a release issued by the department of social and health services stating that the ~~((person))~~ individual is in compliance with the order.

Sec. 32. RCW 18.85.230 and 2002 c 86 s 230 are each amended to read as follows:

In addition to the unprofessional conduct described in RCW 18.235.130, the director may take disciplinary action against any person engaged in the business or acting in the capacity of a real estate broker, ~~((associate real estate))~~ managing broker, designated broker, or real estate ~~((salesperson))~~ firm, regardless of whether the transaction was for ~~((his or her))~~ the person's own account or in ~~((his or her))~~ a capacity as broker, ~~((associate real estate))~~ managing broker, designated broker, or real estate ~~((salesperson))~~ firm, and may impose any of the sanctions and fines specified in RCW 18.235.110 for any holder or applicant who is guilty of:

(1) Violating any of the provisions of this chapter or any lawful rules ~~((or regulations))~~ made by the director pursuant thereto or violating a provision of chapter 64.36, 19.105, or ~~((58-19))~~ 18.235 RCW or RCW 18.86.030 or the rules adopted under those chapters or section;

(2) Making, printing, publishing, distributing, or causing, authorizing, or knowingly permitting the making, printing, publication or distribution of false statements, descriptions or promises of such character as to reasonably induce any person to act thereon, if the statements, descriptions, or promises purport to be made or to be performed by either the licensee or his or her principal and the licensee then knew or, by the exercise of reasonable care and inquiry, could have known, of the falsity of the statements, descriptions or promises;

(3) Knowingly committing, or being a party to, any material fraud, misrepresentation, concealment, conspiracy, collusion, trick, scheme, or device whereby any other person lawfully relies upon the word, representation or conduct of the licensee;

(4) Accepting the services of, or continuing in a representative capacity, any ~~((associate))~~ broker or ~~((salesperson))~~ managing broker who has not been granted a license, or after his or her license has been revoked or during a suspension thereof;

(5) Conversion of any money, contract, deed, note, mortgage, or abstract or other evidence of title, to ~~((his or her))~~ the person's own use or to the use of ~~((his or her))~~ that person's principal or of any other person, when delivered ~~((to him or her))~~ in trust or on condition, in violation of the trust or before the happening of the condition; and failure to return any money or contract, deed, note, mortgage, abstract, or other evidence of title within thirty days after the owner thereof is entitled thereto, and makes demand therefor, ~~((shall be))~~ is prima facie evidence of such conversion;

(6) Failing, upon demand, to disclose any information within ~~((his or her))~~ the person's knowledge ~~((to))~~, or to produce any document, book, or record in ~~((his or her))~~ the person's possession for inspection ~~((of))~~ by the director or ~~((his or her))~~ the director's authorized representatives acting by authority of law;

(7) Continuing to sell any real estate, or operating according to a plan of selling, whereby the interests of the public are endangered, after the director has, by order in writing, stated objections thereto;

(8) Advertising in any manner without ~~((affixing))~~ including the ~~((broker's))~~ real estate firm's name or assumed name as licensed ~~((, and in the case of a salesperson or associate broker, without affixing the name of the broker as licensed for whom or under whom the salesperson or associate broker operates, to))~~ in a clear and conspicuous manner in the advertisement; except, that ~~((a))~~ real estate brokers, ((associate real estate)) managing brokers, or ((real estate salesperson)) firms advertising their personally owned real property must only disclose that they hold a real estate license;

(9) Accepting other than cash or its equivalent as earnest money unless that fact is communicated to the owner ~~((prior to his or her))~~ before the owner's acceptance of the offer to purchase, and such fact is shown in the ~~((earnest money receipt))~~ purchase and sale agreement;

(10) Charging or accepting compensation from more than one party in any one transaction without first making full disclosure in writing of all the facts to all the parties interested in the transaction;

(11) Accepting, taking, or charging any undisclosed commission, rebate, or direct profit on expenditures made for the principal;

(12) Accepting employment or compensation for appraisal of real property contingent upon reporting a predetermined value;

(13) Issuing ~~((an appraisal))~~ a report on any real property in which the broker, ~~((associate))~~ managing broker, or ~~((salesperson))~~ real estate firm has an interest unless ~~((his or her))~~ that interest is clearly stated in the ~~((appraisal))~~ report;

(14) Misrepresentation of ~~((his or her))~~ membership in any state or national real estate association;

(15) Discrimination against any person in hiring or in ~~((sales))~~ real estate brokerage service activity, on the basis of any of the provisions of any local, county, state, or federal antidiscrimination law;

(16) Failing to keep an escrow or trustee account of funds deposited ~~((with him or her))~~ relating to a real estate transaction, for a period of three years, showing to whom paid, and ~~((such))~~ other pertinent information as the director may require, such records to be available to the director, or ~~((his or her))~~ the director's representatives, on demand, or upon written notice given to the bank;

(17) In the case of a firm and its designated broker, failing to preserve ~~((for three years following its consummation))~~ records relating to any real estate transaction for three years following the submission of the records to the firm;

(18) Failing to furnish a copy of any listing, sale, lease, or other contract relevant to a real estate transaction to all signatories thereof ~~((at the time of))~~ within a reasonable time following execution;

(19) In the case of a broker or managing broker, acceptance ~~((by a branch manager, associate broker, or salesperson))~~ of a commission or any valuable consideration for the performance of any acts specified in this chapter, from any person, except the licensed real estate ~~((broker))~~ firm with whom ~~((he or she))~~ the broker or managing broker is licensed;

(20) To direct any transaction involving his or her principal, to any lending institution for financing or to any escrow company, in expectation of receiving a

kickback or rebate therefrom, without first disclosing ~~((such))~~ the expectation to his or her principal;

(21) Buying, selling, or leasing directly, or through a third party, any interest in real property without disclosing in writing that ~~((he or she holds))~~ the person is a real estate licensee;

(22) In the case of ~~((a broker licensee))~~ real estate firms, and managing and designated brokers, failing to exercise adequate supervision over the activities of ~~((his or her licensed associate))~~ their brokers and ~~((salespersons))~~ managing brokers within the scope of this chapter;

(23) Any conduct in a real estate transaction which demonstrates bad faith, dishonesty, untrustworthiness, or ~~((incompetency))~~ incompetence;

(24) Acting as a vehicle dealer, as defined in RCW 46.70.011, without having a license to do so; or

(25) Failing to ensure that the title is transferred under chapter 46.12 RCW when engaging in a transaction involving a mobile or manufactured home as a broker, ~~((associate))~~ managing or designated broker, or ~~((salesperson))~~ firm.

Sec. 33. RCW 18.85.240 and 1988 c 205 s 6 are each amended to read as follows:

The director may ~~((deputize))~~ authorize one or more assistants to perform ~~((his or her))~~ the director's duties with reference to disciplinary action.

Sec. 34. RCW 18.85.261 and 2002 c 86 s 231 are each amended to read as follows:

The hearing officer shall cause a transcript of all ~~((such))~~ adjudicative proceedings to be kept by a reporter and shall upon request after completion thereof, furnish a copy of ~~((such))~~ the transcript to the licensed person or applicant accused in ~~((such))~~ the proceedings at the expense of the licensee or applicant. The hearing officer shall certify the transcript of proceedings to be true and correct. If the director finds that the statement or accusation is not proved by a fair preponderance of evidence, the director shall notify the licensee or applicant and the person making the accusation and shall dismiss the case.

Sec. 35. RCW 18.85.271 and 2002 c 86 s 232 are each amended to read as follows:

If the director decides, after ~~((such))~~ an adjudicative hearing, that the evidence supports the accusation by a preponderance of evidence, the director may impose sanctions authorized under RCW 18.85.040 (as recodified by this act). In such event the director shall enter an order to that effect and shall file the same in ~~((his or her))~~ the director's office and immediately mail a copy to the affected party at the address of record with the department. Upon instituting appeal in the superior court, the appellant shall give a cash bond to the state of Washington, which bond shall be filed with the clerk of the court, in the sum of ~~((five hundred))~~ one thousand dollars to be approved by the judge of said court, conditioned to pay all costs that may be awarded against ~~((such))~~ an appellant in the event of an adverse decision, ~~((such))~~ the bond and notice to be filed within thirty days from the date of the director's decision.

Sec. 36. RCW 18.85.281 and 1997 c 322 s 18 are each amended to read as follows:

The director shall prepare at appellant's expense and shall certify a transcript of the whole record of all matters involved in the appeal, which ~~((shall be~~

~~thereupon delivered by~~) the director shall deliver to the court in which the appeal is pending. The appellant ~~((shall be))~~ is notified of the filing of the transcript and the cost thereof and shall within fifteen days thereafter pay the cost of said transcript. If the cost is not paid in full within fifteen days the appeal ~~((shall be))~~ is dismissed.

Sec. 37. RCW 18.85.310 and 1999 c 48 s 1 are each amended to read as follows:

(1) ~~((Every licensed real estate broker))~~ Brokers and managing brokers must submit complete copies of their transactions to their firm. The designated broker shall keep adequate records of all real estate transactions handled by or through the ((broker)) firm or firms to which the designated broker is registered. The records shall include, but are not limited to, a copy of the purchase and sale agreement, earnest money receipt, and an itemization of the ((broker's)) receipts and disbursements with each transaction. These records and all other records ((hereinafter)) specified ((shall be)) by the director by rule are open to inspection by the director or the director's authorized representatives.

(2) If any licensee exercises control over real estate transaction funds, those funds are considered trust funds.

(3) Every real estate ((broker)) licensee shall ((also)) deliver or cause to be delivered to all parties signing the same, ((at the time of)) within a reasonable time after signing, ((conformed copies of all earnest money receipts)) purchase and sale agreements, listing agreements, and all other like or similar instruments signed by the parties((including the closing statement.

~~(3) Every real estate broker shall also keep separate real estate fund accounts in a recognized Washington state depository authorized to receive funds in which shall be kept separate and apart and physically segregated from licensee broker's own funds, all funds or moneys of clients which are being held by such licensee broker pending the closing of a real estate sale or transaction, or which have been collected for said client and are being held for disbursement for or to said client and such funds shall be deposited not later than the first banking day following receipt thereof).~~

~~(4) ((Separate accounts comprised of clients' funds required to be maintained under this section, with the exception of property management trust accounts, shall be interest-bearing accounts from which withdrawals or transfers can be made without delay, subject only to the notice period which the depository institution is required to reserve by law or regulation.~~

~~(5))~~ Every real estate firm that keeps separate real estate trust fund accounts must keep the accounts in a recognized Washington state depository. A real estate firm must maintain an adequate amount of funds in the trust fund accounts to facilitate the opening of the trust fund accounts or to prevent the closing of the trust fund accounts.

(5) All licensees shall keep separate and apart and physically segregated from the licensees' own funds, all funds or moneys including advance fees of clients that are being held by the licensees pending the closing of a real estate sale or transaction, or that have been collected for the clients and are being held for disbursement for or to the clients.

(6) A firm is not required to maintain a trust fund account for transactions concerning a purchase and sale agreement that instructs the broker to deliver the earnest money check directly to a named closing agent or to the seller.

(7) Brokers must deposit all funds into their firm's trust bank account the next banking day following receipt of the funds unless the purchase and sale agreement provides for deferred deposit or delivery. In that event, the broker must promptly deposit or deliver funds in accordance with the terms of the purchase and sale agreement.

(8)(a) If a real estate broker (~~shall~~) receives or maintains earnest money or client funds for deposit, the real estate firm shall maintain a pooled interest-bearing (~~eserow~~) trust account for deposit of client funds, with the exception of property management trust accounts (~~, which are nominal. As used in this section, a "nominal" deposit is a deposit of not more than ten thousand dollars~~).

(b) The interest accruing on this account, net of any reasonable and appropriate financial institution service charges or fees, shall be paid to the state treasurer for deposit in the Washington housing trust fund created in RCW 43.185.030 and the real estate education program account created in RCW 18.85.317 (as recodified by this act). Appropriate service charges or fees are those charges made by financial institutions on other demand deposit or "now" accounts. ~~(An agent may, but shall)~~ The firm or designated broker is not ~~(be)~~ required to ~~(s)~~ notify the client of the intended use of ~~(such)~~ the funds.

~~((6) All client funds not required to be deposited in the account specified in subsection (5) of this section shall be deposited in:~~

~~(a) A separate interest bearing trust account for the particular client or client's matter on which the interest will be paid to the client; or~~

~~(b) The pooled interest bearing trust account specified in subsection (5) of this section if the parties to the transaction agree.)~~

~~(c) The department (~~of licensing~~) shall (~~promulgate regulations which~~) adopt rules that will serve as guidelines in the choice of an account specified ~~(in~~ subsection (5) of this section or an account specified) in this subsection.~~

~~((7)) (9) If trust funds are claimed by more than one party, the designated broker or designated broker's delegate must promptly provide written notification to all contracting parties to a real estate transaction of the intent of the designated broker or designated broker's delegate to disburse client funds. The notification must include the names and addresses of all parties to the contract, the amount of money held and to whom it will be disbursed, and the date of disbursement that must occur no later than thirty consecutive days after the notification date.~~

(10) For an account created under subsection ~~((5)) (8)~~ of this section, ~~(an agent)~~ the designated or managing broker shall direct the depository institution to:

(a) Remit interest or dividends, net of any reasonable and appropriate service charges or fees, on the average monthly balance in the account, or as otherwise computed in accordance with an institution's standard accounting practice, at least quarterly, to the state treasurer for deposit in the housing trust fund created by RCW 43.185.030 and the real estate education program account created in RCW 18.85.317 (as recodified by this act); and

(b) Transmit to the director of community, trade, and economic development a statement showing the name of the person or entity for whom the remittance is spent, the rate of interest applied, and the amount of service charges deducted, if any, and the account balance(s) of the period in which the

report is made, with a copy of ~~((such))~~ the statement to be transmitted to the depositing person or firm.

~~((8))~~ (11) The director of community, trade, and economic development shall forward a copy of the reports required by subsection ~~((7))~~ (10) of this section to the department ~~((of licensing))~~ to aid in the enforcement of the requirements of this section consistent with the normal enforcement and auditing practices of the department ~~((of licensing))~~.

~~((9))~~ (12)(a) This section does not relieve any real estate broker ~~((from))~~, managing broker, or firm of any obligation with respect to the safekeeping of clients' funds.

~~((10))~~ (b) Any violation by ~~((a))~~ real estate brokers, managing brokers, or firms of any of the provisions of this section, ~~((of))~~ RCW 18.85.230 (as recodified by this act), ~~((shall be))~~ or chapter 18.235 RCW is grounds for ~~((revocation of))~~ disciplinary action against the licenses issued to the brokers, managing brokers, or firms.

Sec. 38. RCW 18.85.315 and 1993 c 50 s 3 are each amended to read as follows:

Remittances received by the state treasurer pursuant to RCW 18.85.310 (as recodified by this act) shall be divided between the housing trust fund created by RCW 43.185.030, which shall receive seventy-five percent and the real estate education program account created by RCW 18.85.317 (as recodified by this act), which shall receive twenty-five percent.

Sec. 39. RCW 18.85.317 and 1997 c 322 s 19 are each amended to read as follows:

The real estate education program account is created in the custody of the state treasurer. All moneys received for credit to this account pursuant to RCW 18.85.315 (as recodified by this act) and all moneys derived from fines imposed under this chapter shall be deposited into the account. Expenditures from the account may be made only upon the authorization of the director or a duly authorized representative of the director, and may be used only for the purposes of carrying out the director's programs for education of real estate licensees ~~((and))~~, others in the real estate industry, and members of the public as described in RCW 18.85.040~~((4))~~ (6) (as recodified by this act). All expenses and costs relating to the implementation or administration of, or payment of contract fees or charges for, the director's real estate education programs may be paid from this account. The account is subject to appropriation under chapter 43.88 RCW.

Sec. 40. RCW 18.85.320 and 1987 c 332 s 14 are each amended to read as follows:

The licenses of a real estate ~~((salesperson or associate real estate))~~ broker and managing broker shall be ~~((retained))~~ kept at all times by ~~((his or her designated broker))~~ their firm and when ~~((any))~~ real estate ~~((salesperson or associate real estate broker ceases))~~ brokers or managing brokers cease to represent ~~((his or her broker his or her))~~ the firm, their licenses shall cease to be in force. ~~((Notice of such termination shall be given by the broker))~~ Brokers and managing brokers must submit written notification to the designated broker for their firm when they terminate affiliation with their firm. The firm, through the designated broker, shall give notice to the director and such notice shall be accompanied by and include the surrender of the ~~((salesperson's or associate real~~

estate)) broker's or managing broker's license. Failure of any designated broker for the firm to promptly notify the director of ~~((such salesperson's or associate real estate))~~ a broker's or managing broker's termination after demand by the affected ~~((salesperson or associate real estate))~~ broker or managing broker shall ~~((work a forfeiture of the broker's license))~~ be grounds for disciplinary action against the firm and designated broker. Upon application of the ~~((salesperson or associate real estate))~~ broker or managing broker, and the payment of a fee as prescribed by the director by rule, the director shall issue a new license for the unexpired term, if ~~((such salesperson or associate real estate))~~ the broker or managing broker is otherwise entitled thereto. When ~~((a real estate salesperson's or associate real estate))~~ the firm terminates a broker's or managing broker's services ~~((shall be terminated by his or her broker))~~ for a violation of ~~((any of the provisions of RCW 18.85.230,))~~ this chapter, or chapter 18.86 or 18.235 RCW, the firm shall immediately file a written statement of the facts in reference thereto ~~((shall be filed forthwith))~~ with the director ~~((by the broker))~~.

Sec. 41. RCW 18.85.330 and 1998 c 46 s 3 are each amended to read as follows:

(1) Except under subsection (4) of this section, it ~~((shall be))~~ is unlawful for any licensed firm, broker, or managing broker to pay any part of ~~((his or her))~~ the licensee's commission or other compensation to any person who performs real estate brokerage services and who is not a licensed firm, real estate broker, or managing broker in any state of the United States or its possessions ~~((or any province of the Dominion of Canada))~~ or any foreign jurisdiction with a real estate regulatory program.

(2) Except under subsection (4) of this section, it ~~((shall be))~~ is unlawful for any licensed ~~((broker))~~ real estate firm to pay any part of ~~((his or her))~~ the firm's commission from brokerage services or other compensation to a real estate ~~((salesperson))~~ broker or managing broker not licensed to do business for ~~((such broker))~~ the firm.

(3) Except under subsection (4) of this section, it ~~((shall be))~~ is unlawful for ~~((any))~~ licensed ~~((salesperson))~~ brokers or managing brokers to pay any part of ~~((his or her))~~ their commission from brokerage services or other compensation to any person, whether licensed or not, except through ~~((his or her))~~ the firm's designated broker.

(4) A commission may be shared with a manufactured housing retailer, licensed under chapter 46.70 RCW, on the sale of personal property manufactured housing sold in conjunction with the sale or lease of land.

Sec. 42. RCW 18.85.340 and 1997 c 322 s 21 are each amended to read as follows:

Any person acting as a real estate broker, ~~((associate real estate))~~ managing broker, or real estate ~~((salesperson))~~ firm, without a license, or violating any of the provisions of this chapter, ~~((shall be))~~ is guilty of a gross misdemeanor.

Sec. 43. RCW 18.85.345 and 1997 c 322 s 23 are each amended to read as follows:

The attorney general shall ~~((render to))~~ give the director opinions upon all questions of law relating to the construction or interpretation of this chapter, or arising in the administration thereof, that may be submitted to the director, and shall act as attorney for the director in all actions and proceedings brought by or

against ~~((him or her))~~ the director under or pursuant to any provisions of this chapter.

Sec. 44. RCW 18.85.350 and 1997 c 322 s 24 are each amended to read as follows:

The director may ~~((prefer))~~ refer a complaint for violation of any section of this chapter before any court of competent jurisdiction.

The prosecuting attorney of each county shall prosecute any violation of the provisions of this chapter ~~((which))~~ that occurs in ~~((his or her))~~ the prosecuting attorney's county, and if the prosecuting attorney fails to act, the director may request the attorney general to take action in lieu of the prosecuting attorney.

Process issued by the director shall extend to all parts of the state, and may be served by any person authorized to serve process of courts of record, or may be mailed by ~~((registered))~~ certified mail, return receipt requested, to the licensee's last business address of record in the office of the director.

Whenever the director believes from evidence satisfactory to ~~((him or her))~~ the director that ~~((any))~~ a person has violated any of the provisions of this chapter, or any order, license, decision, demand or requirement, or any part or provision thereof, ~~((he or she))~~ the director may bring an action, in the superior court in the county wherein ~~((such))~~ the person resides, ~~((against such person))~~ to enjoin ~~((any such))~~ that person from continuing ~~((such))~~ the violation or engaging therein or doing any act or acts in furtherance thereof. In this action an order or judgment may be entered awarding ~~((such))~~ a preliminary or final injunction as may be proper.

The director may petition the superior court in any county in this state for the immediate appointment of a receiver to take over, operate or close any real estate office in this state which is found, upon inspection of its books and records to be operating in violation of the provisions of this chapter, pending a hearing ~~((as herein provided))~~.

Sec. 45. RCW 18.85.520 and 2005 c 185 s 1 are each amended to read as follows:

(1) A fee of ten dollars is created and shall be assessed on each real estate broker~~((, associate))~~ and managing broker~~((, and salesperson))~~ originally licensed after October 1, 1999, and upon each renewal of a license with an expiration date after October 1, 1999, including renewals of inactive licenses.

(2) This section expires September 30, 2010.

Sec. 46. RCW 18.85.530 and 2005 c 185 s 2 are each amended to read as follows:

(1) The Washington real estate research account is created in the state treasury. All receipts from the fee under RCW 18.85.520 ~~((as recodified by this act))~~ shall be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for the purposes of RCW 18.85.540 ~~((as recodified by this act))~~.

(2) This section expires September 30, 2010.

Sec. 47. RCW 18.85.560 and 2003 c 201 s 2 are each amended to read as follows:

(1) ~~((An out-of-state broker,))~~ Persons with licenses deemed equivalent to licenses held by Washington licensees, as determined by the director, for a fee, commission, or other valuable consideration, or in the expectation, or upon the

promise of receiving or collecting a fee, commission, or other valuable consideration, may perform those acts that require a license under this chapter, with respect to commercial real estate, provided that the out-of-state ~~((broker))~~ licensee, as approved by the director, does all of the following:

(a) Works in cooperation with a Washington real estate designated broker who holds a valid, active managing broker license issued under this chapter;

(b) Enters into a written agreement with the Washington firm, through its designated broker, that includes the terms of cooperation, oversight by the Washington designated broker, compensation, and a statement that the approved out-of-state ~~((broker))~~ licensee and its agents will agree to adhere to the laws of Washington;

(c) Furnishes the Washington designated broker with a copy of the out-of-state ~~((broker's))~~ approved licensee's current license in good standing from any jurisdiction where the out-of-state ~~((broker))~~ approved licensee maintains an active real estate license;

(d) Consents to jurisdiction that legal actions arising out of the conduct of the approved out-of-state ~~((broker))~~ licensee or its agents may be commenced against the ~~((out-of-state broker))~~ approved licensee in the court of proper jurisdiction of any county in Washington where the cause of action arises or where the plaintiff resides;

(e) Includes the name of the Washington broker, managing broker, or firm on all advertising in accordance with RCW 18.85.230(8) (as recodified by this act); and

(f) Deposits all documentation required by this section and records and documents related to the transaction with the Washington broker, managing broker, or firm for a period of three years after the date the documentation is provided, or the transaction occurred, as appropriate.

~~(2) ((An out of state salesperson or associate broker may perform those acts that require a real estate salesperson or associate broker license under this chapter with respect to commercial real estate, provided that the out of state salesperson or associate broker meets all of the following requirements:~~

~~(a) Is licensed with and works under the direct supervision of an out of state broker who meets all of the requirements under subsection (1) of this section; and~~

~~(b) Provides the Washington broker who is working in cooperation with the out of state broker with whom the salesperson or associate broker is associated with a copy of the salesperson's or associate broker's current license in good standing from the jurisdiction where the out of state salesperson or associate broker maintains an active real estate license in connection with the out of state broker.~~

~~(3))~~ A person licensed in a jurisdiction where there is no legal distinction between a real estate broker license and a real estate salesperson license must meet the requirements of subsection (1) of this section before engaging in any activity described in this section that requires a real estate broker license in this state.

NEW SECTION. Sec. 48. (1) The changes made by this act regarding the licensing categories do not affect the status of a complaint, investigation, or other proceeding. A rule or form adopted by the director before the effective

date of this section remains in effect as a rule or form of the department until amended or changed.

(2) After the effective date of this section, a salesperson's license is continued in effect but is recognized by the department as a broker's license; and associate broker's, branch manager's, and designated broker's licenses are continued in effect but are recognized by the department as managing broker's licenses. All licensees are required to take a transition course by the licensee's first renewal date after the effective date of this section. The department shall approve the transition course for continuing education credit. All licenses retain their renewal dates established prior to the effective date of this section. New licenses may be issued after completion of the transition course and at the time of the licensee's first renewal date after the effective date of this section.

NEW SECTION. **Sec. 49.** The following sections are codified or recodified in chapter 18.85 RCW in the following order:

RCW 18.85.010;
RCW 18.85.071;
RCW 18.85.080;
RCW 18.85.085;
RCW 18.85.040;
RCW 18.85.060;
RCW 18.85.210;
RCW 18.85.220;
RCW 18.85.030;
RCW 18.85.050;
RCW 18.85.055;
Section 10 of this act;
RCW 18.85.090;
Section 12 of this act;
Section 13 of this act;
RCW 18.85.560;
RCW 18.85.097;
RCW 18.85.110;
RCW 18.85.120;
RCW 18.85.130;
RCW 18.85.140;
RCW 18.85.155;
RCW 18.85.165;
RCW 18.85.170;
RCW 18.85.180;
RCW 18.85.190;
RCW 18.85.200;
RCW 18.85.215;
Section 21 of this act;
RCW 18.85.310;
RCW 18.85.320;
RCW 18.85.330;
RCW 18.85.315;
RCW 18.85.317;
RCW 18.85.100;

RCW 18.85.225;
 RCW 18.85.227;
 RCW 18.85.230;
 RCW 18.85.240;
 RCW 18.85.261;
 RCW 18.85.271;
 RCW 18.85.281;
 RCW 18.85.340;
 RCW 18.85.345;
 RCW 18.85.350;
 RCW 18.85.550;
 RCW 18.85.520;
 RCW 18.85.530;
 RCW 18.85.540;
 Section 48 of this act.

NEW SECTION. Sec. 50. The following acts or parts of acts are each repealed:

(1) RCW 18.85.095 (Salespersons—Requirements—Renewal—Exception) and 1997 c 322 s 5, 1994 c 291 s 2, 1988 c 205 s 3, 1987 c 332 s 3, 1985 c 162 s 2, 1977 ex.s. c 370 s 2, & 1972 ex.s. c 139 s 7;

(2) RCW 18.85.150 (Temporary permits) and 1997 c 322 s 11 & 1979 c 25 s 3;

(3) RCW 18.85.400 (Multiple listing associations—Entrance requirements) and 1969 c 78 s 2;

(4) RCW 18.85.450 (Land development representative—Registration—Minimum requirements) and 1987 c 332 s 15 & 1977 ex.s. c 24 s 6;

(5) RCW 18.85.460 (Land development representative—Registration issued to employing broker—Display—Fee—Transferability—Period of validity) and 1987 c 332 s 16 & 1977 ex.s. c 24 s 7;

(6) RCW 18.85.470 (Land development representative—Authorized activities—"Land development" defined) and 1977 ex.s. c 24 s 8; and

(7) RCW 18.85.480 (Land development representative—Responsibility of employing broker—Violations) and 1977 ex.s. c 24 s 9.

NEW SECTION. Sec. 51. This act takes effect July 1, 2010.

Passed by the House February 14, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 14, 2008.

Filed in Office of Secretary of State March 17, 2008.

CHAPTER 24

[House Bill 2792]

HORSE RACING—PARIMUTUEL SYSTEM

AN ACT Relating to computing breaks in the parimutuel system; and amending RCW 67.16.060.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 67.16.060 and 1991 c 270 s 3 are each amended to read as follows:

- (1) It shall be unlawful:
- (a) To conduct pool selling, bookmaking, or to circulate hand books; or
 - (b) To bet or wager on any horse race other than by the parimutuel method;
- or
- (c) For any licensee to take more than the percentage provided in RCW 67.16.170 and 67.16.175; or
 - (d) For any licensee to compute breaks in the parimutuel system (~~otherwise than~~) at more than ten cents.
- (2) Any willful violation of the terms of this chapter, or of any rule, regulation, or order of the commission shall constitute a gross misdemeanor and when such violation is by a person holding a license under this chapter, the commission may cancel the license held by the offender, and such cancellation shall operate as a forfeiture of all rights and privileges granted by the commission and of all sums of money paid to the commission by the offender; and the action of the commission in that respect shall be final.
- (3) The commission shall have power to exclude from any and all race courses of the state of Washington any person whom the commission deems detrimental to the best interests of racing or any person who willfully violates any of the provisions of this chapter or of any rule, regulation, or order issued by the commission.
- (4) Every race meet held in this state contrary to the provisions of this chapter is hereby declared to be a public nuisance.

Passed by the House February 18, 2008.

Passed by the Senate March 5, 2008.

Approved by the Governor March 14, 2008.

Filed in Office of Secretary of State March 17, 2008.

CHAPTER 25

[Substitute House Bill 2859]

MESSAGE PRACTITIONERS—LICENSING

AN ACT Relating to the regulation of massage therapy; amending RCW 18.108.025; adding a new section to chapter 18.108 RCW; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 18.108.025 and 1991 c 3 s 254 are each amended to read as follows:

In addition to any other authority provided by law, the board may:

- (1) Adopt rules in accordance with chapter 34.05 RCW necessary to implement this chapter, subject to the approval of the secretary;
- (2) Define, evaluate, approve, and designate those schools, programs, and apprenticeship programs including all current and proposed curriculum, faculty, and health, sanitation, and facility standards from which graduation will be accepted as proof of an applicant's eligibility to take the licensing examination;
- (3) Review approved schools and programs periodically;
- (4) Prepare, grade, administer, and supervise the grading and administration of, examinations for applicants for licensure; (~~and~~)
- (5) Establish and administer requirements for continuing education, which shall be a prerequisite to renewing a license under this chapter; and

(6) Determine which states have educational and licensing requirements equivalent to those of this state.

The board shall establish by rule the standards and procedures for approving courses of study and may contract with individuals or organizations having expertise in the profession or in education to assist in evaluating courses of study. The standards and procedures set shall apply equally to schools and training within the United States of America and those in foreign jurisdictions.

NEW SECTION. Sec. 2. A new section is added to chapter 18.108 RCW to read as follows:

(1) The secretary must grant a massage practitioner an inactive credential if the massage practitioner submits a letter to the board stating his or her intent to obtain an inactive credential, and he or she:

- (a) Holds an active Washington state massage practitioner's license;
- (b) Is in good standing, as determined by the board; and
- (c) Does not practice massage in the state of Washington.

(2) The secretary may reinstate the massage practitioner's license if the massage practitioner:

- (a) Pays the current active renewal fee and other fees for active licensure;
- (b) Provides a written declaration that:
 - (i) No action has been taken by a state or federal jurisdiction or a hospital which would prevent or restrict the practitioner's practice of massage therapy;
 - (ii) He or she has not voluntarily given up any credential or privilege or been restricted in the practice of massage therapy to avoid other sanctions; and
 - (iii) He or she has satisfied continuing education and competency requirements for the two most recent years; and
- (c) Meets other requirements for reinstatement, as may be determined by the board.

NEW SECTION. Sec. 3. This act takes effect July 1, 2009.

Passed by the House February 14, 2008.

Passed by the Senate March 5, 2008.

Approved by the Governor March 14, 2008.

Filed in Office of Secretary of State March 17, 2008.

CHAPTER 26

[House Bill 2923]

HAY OR STRAW—WEIGHT TICKETS

AN ACT Relating to providing an alternative method for weight tickets for transporting hay or straw; and amending RCW 20.01.125.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 20.01.125 and 1986 c 178 s 7 are each amended to read as follows:

Every dealer and commission merchant dealing in hay or straw shall obtain a certified vehicle tare weight and a certified vehicle gross weight for each load hauled and shall furnish the consignor with a copy of such certified weight ticket within seventy-two hours after taking delivery. It shall be a violation of this chapter for any licensee to transport hay or straw which has been purchased by weight without having obtained a certified weight ticket from the first licensed

public weighmaster which would be encountered on the ordinary route to the destination where the hay or straw is to be unloaded. If agreed upon in writing between a dealer or commission merchant and a grower or consigner, a certified vehicle tare weight and certified vehicle gross weight may be obtained from a hay or straw processing facility with a scale approved by the director.

Passed by the House February 12, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 14, 2008.

Filed in Office of Secretary of State March 17, 2008.

CHAPTER 27

[House Bill 3097]

BOARD OF EDUCATION—EXECUTIVE DIRECTOR—AUTHORITY

AN ACT Relating to the authority of the executive director of the state board of education; and amending RCW 28A.305.130.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28A.305.130 and 2006 c 263 s 102 are each amended to read as follows:

The purpose of the state board of education is to provide advocacy and strategic oversight of public education; implement a standards-based accountability system to improve student academic achievement; provide leadership in the creation of a system that personalizes education for each student and respects diverse cultures, abilities, and learning styles; and promote achievement of the goals of RCW 28A.150.210. In addition to any other powers and duties as provided by law, the state board of education shall:

- (1) Hold regularly scheduled meetings at such time and place within the state as the board shall determine and may hold such special meetings as may be deemed necessary for the transaction of public business;
- (2) Form committees as necessary to effectively and efficiently conduct the work of the board;
- (3) Seek advice from the public and interested parties regarding the work of the board;

(4) For purposes of statewide accountability:

(a) Adopt and revise performance improvement goals in reading, writing, science, and mathematics, by subject and grade level, once assessments in these subjects are required statewide; academic and technical skills, as appropriate, in secondary career and technical education programs; and student attendance, as the board deems appropriate to improve student learning. The goals shall be consistent with student privacy protection provisions of RCW 28A.655.090(7) and shall not conflict with requirements contained in Title I of the federal elementary and secondary education act of 1965, or the requirements of the Carl D. Perkins vocational education act of 1998, each as amended. The goals may be established for all students, economically disadvantaged students, limited English proficient students, students with disabilities, and students from disproportionately academically underachieving racial and ethnic backgrounds. The board may establish school and school district goals addressing high school graduation rates and dropout reduction goals for students in grades seven

through twelve. The board shall adopt the goals by rule. However, before each goal is implemented, the board shall present the goal to the education committees of the house of representatives and the senate for the committees' review and comment in a time frame that will permit the legislature to take statutory action on the goal if such action is deemed warranted by the legislature;

(b) Identify the scores students must achieve in order to meet the standard on the Washington assessment of student learning and, for high school students, to obtain a certificate of academic achievement. The board shall also determine student scores that identify levels of student performance below and beyond the standard. The board shall consider the incorporation of the standard error of measurement into the decision regarding the award of the certificates. The board shall set such performance standards and levels in consultation with the superintendent of public instruction and after consideration of any recommendations that may be developed by any advisory committees that may be established for this purpose. The initial performance standards and any changes recommended by the board in the performance standards for the tenth grade assessment shall be presented to the education committees of the house of representatives and the senate by November 30th of the school year in which the changes will take place to permit the legislature to take statutory action before the changes are implemented if such action is deemed warranted by the legislature. The legislature shall be advised of the initial performance standards and any changes made to the elementary level performance standards and the middle school level performance standards;

(c) Adopt objective, systematic criteria to identify successful schools and school districts and recommend to the superintendent of public instruction schools and districts to be recognized for two types of accomplishments, student achievement and improvements in student achievement. Recognition for improvements in student achievement shall include consideration of one or more of the following accomplishments:

(i) An increase in the percent of students meeting standards. The level of achievement required for recognition may be based on the achievement goals established by the legislature and by the board under (a) of this subsection;

(ii) Positive progress on an improvement index that measures improvement in all levels of the assessment; and

(iii) Improvements despite challenges such as high levels of mobility, poverty, English as a second language learners, and large numbers of students in special populations as measured by either the percent of students meeting the standard, or the improvement index. When determining the baseline year or years for recognizing individual schools, the board may use the assessment results from the initial years the assessments were administered, if doing so with individual schools would be appropriate;

(d) Adopt objective, systematic criteria to identify schools and school districts in need of assistance and those in which significant numbers of students persistently fail to meet state standards. In its deliberations, the board shall consider the use of all statewide mandated criterion-referenced and norm-referenced standardized tests;

(e) Identify schools and school districts in which state intervention measures will be needed and a range of appropriate intervention strategies after the legislature has authorized a set of intervention strategies. After the legislature

has authorized a set of intervention strategies, at the request of the board, the superintendent shall intervene in the school or school district and take corrective actions. This chapter does not provide additional authority for the board or the superintendent of public instruction to intervene in a school or school district;

(f) Identify performance incentive systems that have improved or have the potential to improve student achievement;

(g) Annually review the assessment reporting system to ensure fairness, accuracy, timeliness, and equity of opportunity, especially with regard to schools with special circumstances and unique populations of students, and a recommendation to the superintendent of public instruction of any improvements needed to the system; and

(h) Include in the biennial report required under RCW 28A.305.035, information on the progress that has been made in achieving goals adopted by the board;

(5) Accredite, subject to such accreditation standards and procedures as may be established by the state board of education, all private schools that apply for accreditation, and approve, subject to the provisions of RCW 28A.195.010, private schools carrying out a program for any or all of the grades kindergarten through twelve: PROVIDED, That no private school may be approved that operates a kindergarten program only: PROVIDED FURTHER, That no private schools shall be placed upon the list of accredited schools so long as secret societies are knowingly allowed to exist among its students by school officials;

(6) Articulate with the institutions of higher education, workforce representatives, and early learning policymakers and providers to coordinate and unify the work of the public school system;

(7) Hire an executive director and an administrative assistant to reside in the office of the superintendent of public instruction for administrative purposes. Any other personnel of the board shall be appointed as provided by RCW 28A.300.020. The board may delegate to the executive director by resolution such duties as deemed necessary to efficiently carry on the business of the board including, but not limited to, the authority to employ necessary personnel and the authority to enter into, amend, and terminate contracts on behalf of the board. The executive director, administrative assistant, and all but one of the other personnel of the board are exempt from civil service, together with other staff as now or hereafter designated as exempt in accordance with chapter 41.06 RCW; and

(8) Adopt a seal that shall be kept in the office of the superintendent of public instruction.

Passed by the House February 12, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 14, 2008.

Filed in Office of Secretary of State March 17, 2008.

CHAPTER 28

[Substitute House Bill 3206]

LODGING TAX REVENUES—ANNUAL ECONOMIC IMPACT REPORT

AN ACT Relating to the information required to be reported in the annual economic impact report on lodging tax revenues; and amending RCW 67.28.1816.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 67.28.1816 and 2007 c 497 s 2 are each amended to read as follows:

(1) Lodging tax revenues under this chapter may be used, directly by local jurisdictions or indirectly through a convention and visitors bureau or destination marketing organization, for the marketing and operations of special events and festivals and to support the operations and capital expenditures of tourism-related facilities owned by nonprofit organizations described under ~~((section))~~ section 501(c)(3) and ~~((section))~~ section 501(c)(6) of the internal revenue code of 1986, as amended.

(2) Local jurisdictions that use the lodging tax revenues under this section must submit an annual economic impact report ~~((for these expenditures))~~ to the department of community, trade, and economic development for expenditures made beginning January 1, 2008. These reports must include the expenditures by the local jurisdiction for tourism promotion purposes and what is used by a nonprofit organization exempt from taxation under 26 U.S.C. Sec. 501(c)(3) or 501(c)(6). This economic impact report, at a minimum, must include: (a) The total revenue received under this chapter for each year; (b) the list of festivals, special events, or nonprofit 501(c)(3) or 501(c)(6) organizations that received funds under this chapter; (c) the list of festivals, special events, or tourism facilities sponsored or owned by the local jurisdiction that received funds under this chapter; (d) the amount of revenue expended on each festival, special event, or tourism-related facility owned or sponsored by a nonprofit 501(c)(3) or 501(c)(6) organization or local jurisdiction; ~~((d))~~ (e) the estimated number of tourists, persons traveling over fifty miles to the destination, persons remaining at the destination overnight, and lodging stays generated per festival, special event, or tourism-related facility owned or sponsored by a nonprofit 501(c)(3) or 501(c)(6) organization or local jurisdiction; ~~((e) an estimated increase in sales and use tax revenues attributable to the special event, festival, or tourism-related facility owned by a nonprofit 501(c)(3) or 501(c)(6) organization;))~~ and (f) any other measurements the local government finds that demonstrate the impact of the increased tourism attributable to the festival, special event, or tourism-related facility owned or sponsored by a nonprofit 501(c)(3) or 501(c)(6) organization or local jurisdiction.

(3) The joint legislative audit and review committee must report to the legislature and the governor on the use and economic impact of lodging tax revenues by local jurisdictions since ~~((July 22, 2007))~~ January 1, 2008, to support festivals, special events, and tourism-related facilities owned or sponsored by a nonprofit organization under section 501(c)(3) or 501(c)(6) of the internal revenue code of 1986, as amended, or a local jurisdiction, and the economic impact generated by these festivals, events, and facilities. This report shall be due September 1, 2012.

(4) Reporting under this section must begin with calendar year 2008.

(5) This section expires June 30, 2013.

Passed by the House February 18, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 14, 2008.

Filed in Office of Secretary of State March 17, 2008.

CHAPTER 29

[Engrossed Second Substitute Senate Bill 5278]

PUBLIC FUNDS—LOCAL POLITICAL CAMPAIGNS

AN ACT Relating to use of public funds for political purposes; and amending RCW 42.17.128.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 42.17.128 and 1993 c 2 s 24 are each amended to read as follows:

Public funds, whether derived through taxes, fees, penalties, or any other sources, shall not be used to finance political campaigns for state ~~((or local))~~ or school district office. A county, city, town, or district that establishes a program to publicly finance local political campaigns may only use funds derived from local sources to fund the program. A local government must submit any proposal for public financing of local political campaigns to voters for their adoption and approval or rejection.

Passed by the Senate February 13, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 30

[Substitute Senate Bill 6244]

COMMUNITY CUSTODY—FACILITIES

AN ACT Relating to facilities to house offenders violating community custody; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. (1) The department of corrections shall conduct an analysis of the necessary capacity throughout the state to appropriately confine offenders who violate community custody and formulate recommendations for future capacity. In conducting its analysis, the department must consider:

(a) The need to decrease reliance on local correctional facilities to house violators; and

(b) The costs and benefits of developing a violator treatment center to provide inpatient treatment, therapies, and counseling.

(2) If the department recommends locating or colocating new violator facilities, for jurisdictions planning under RCW 36.70A.040, the department shall work within the local jurisdiction's comprehensive plan process for identifying and siting an essential public facility under RCW 36.70A.200. For jurisdictions not planning under RCW 36.70A.040, the department shall apply the local jurisdiction's zoning or applicable land use code.

(3) The department shall report the results of its analysis to the governor and the appropriate committees of the legislature by November 15, 2008.

(4) To the extent possible within existing funds, the department is authorized to proceed with the conversion of existing facilities that are appropriate to house violators.

Passed by the Senate February 15, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 31

[Senate Bill 6271]

SPECIAL PURPOSE DISTRICTS—COMMISSIONERS—COMPENSATION

AN ACT Relating to compensation of special purpose district commissioners; and amending RCW 57.12.010 and 70.44.050.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 57.12.010 and 2007 c 469 s 5 are each amended to read as follows:

The governing body of a district shall be a board of commissioners consisting of three members, or five or seven members as provided in RCW 57.12.015. The board shall annually elect one of its members as president and another as secretary.

The board shall by resolution adopt rules governing the transaction of its business and shall adopt an official seal. All proceedings shall be by resolution recorded in a book kept for that purpose which shall be a public record.

~~((A district shall provide by resolution for the payment of compensation to each of its commissioners at a rate of))~~ Each commissioner shall receive ninety dollars for each day or portion thereof spent in actual attendance at official meetings of the district commission, or in performance of other official services or duties on behalf of the district. However, the compensation for each commissioner shall not exceed eight thousand six hundred forty dollars per year. In addition, the secretary may be paid a reasonable sum for clerical services.

Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during the commissioner's term of office, by a written waiver filed with the district at any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

No commissioner shall be employed full time by the district. A commissioner shall be reimbursed for reasonable expenses actually incurred in connection with district business, including subsistence and lodging while away from the commissioner's place of residence and mileage for use of a privately-owned vehicle at the mileage rate authorized in RCW 43.03.060.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in

this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Sec. 2. RCW 70.44.050 and 2007 c 469 s 7 are each amended to read as follows:

~~(A district shall provide by resolution for the payment of compensation to each of its commissioners at a rate of)~~ Each commissioner shall receive ninety dollars for each day or portion thereof spent in actual attendance at official meetings of the district commission, or in performance of other official services or duties on behalf of the district, to include meetings of the commission of his or her own district, or meetings attended by one or more commissioners of two or more districts called to consider business common to them, except that the total compensation paid to such commissioner during any one year shall not exceed eight thousand six hundred forty dollars. The commissioners may not be compensated for services performed of a ministerial or professional nature.

Any commissioner may waive all or any portion of his or her compensation payable under this section as to any month or months during his or her term of office, by a written waiver filed with the district as provided in this section. The waiver, to be effective, must be filed any time after the commissioner's election and prior to the date on which the compensation would otherwise be paid. The waiver shall specify the month or period of months for which it is made.

Any district providing group insurance for its employees, covering them, their immediate family, and dependents, may provide insurance for its commissioners with the same coverage. Each commissioner shall be reimbursed for reasonable expenses actually incurred in connection with such business and meetings, including his or her subsistence and lodging and travel while away from his or her place of residence. No resolution shall be adopted without a majority vote of the whole commission. The commission shall organize by election of its own members of a president and secretary, shall by resolution adopt rules governing the transaction of its business and shall adopt an official seal. All proceedings of the commission shall be by motion or resolution recorded in a book or books kept for such purpose, which shall be public records.

The dollar thresholds established in this section must be adjusted for inflation by the office of financial management every five years, beginning July 1, 2008, based upon changes in the consumer price index during that time period. "Consumer price index" means, for any calendar year, that year's annual average consumer price index, for Washington state, for wage earners and clerical workers, all items, compiled by the bureau of labor and statistics, United States department of labor. If the bureau of labor and statistics develops more than one consumer price index for areas within the state, the index covering the

greatest number of people, covering areas exclusively within the boundaries of the state, and including all items shall be used for the adjustments for inflation in this section. The office of financial management must calculate the new dollar threshold and transmit it to the office of the code reviser for publication in the Washington State Register at least one month before the new dollar threshold is to take effect.

A person holding office as commissioner for two or more special purpose districts shall receive only that per diem compensation authorized for one of his or her commissioner positions as compensation for attending an official meeting or conducting official services or duties while representing more than one of his or her districts. However, such commissioner may receive additional per diem compensation if approved by resolution of all boards of the affected commissions.

Passed by the Senate February 11, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 32

[Substitute Senate Bill 6309]

GREENHOUSE GAS EMISSIONS—DISCLOSURE—NEW VEHICLES

AN ACT Relating to presale disclosure of greenhouse gas emissions from new passenger cars, light duty trucks, and medium duty passenger vehicles; adding a new section to chapter 70.120A RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature intends that new passenger cars, light duty trucks, and medium duty passenger vehicles for sale in Washington display clear and easy to understand information disclosing the new vehicle's greenhouse gas emissions. Further, the legislature intends that disclosure of such emissions serves as a means of educating consumers, other motorists, and the general public about the sources of greenhouse gas, their impact, available options, and in particular the role and contribution of automobiles and other motor vehicles.

NEW SECTION. Sec. 2. A new section is added to chapter 70.120A RCW to read as follows:

(1) No model year 2010 or subsequent model year new passenger car, light duty truck, or medium duty passenger vehicle may be sold in Washington unless there is securely and conspicuously affixed in a clearly visible location a label on which the manufacturer clearly discloses comparative greenhouse gas emissions for that new vehicle.

(2) The label required by this section should include a greenhouse gas index or rating system that contains quantitative and graphical information presented in a continuous, easy-to-read scale that compares the greenhouse gas emissions from the vehicle with the average projected greenhouse gas emissions from all passenger cars, light duty trucks, and medium duty passenger vehicles of the same model year. For reference purposes, the index or rating system should also

identify the greenhouse gas emissions from the vehicle model of that same model year that has the lowest greenhouse gas emissions.

(3) The index or rating system included in the label under subsection (2) of this section shall be updated as necessary to ensure that the differences in greenhouse gas emissions among vehicles are readily apparent to the consumer.

(4) An automobile manufacturer may apply to the department of ecology for approval of an alternative to the disclosure labeling requirement that is at least as effective in providing notification and disclosure of the vehicle's greenhouse gas emissions as is the labeling required by this section.

(5) A label that complies with the requirements of the California greenhouse gas vehicle labeling program shall be deemed to meet the requirements of this section and any rules adopted under this section.

(6) The department of ecology may adopt such rules as are necessary to implement this section.

(7) The department of ecology shall provide a status report to the appropriate committees of the legislature on or before December 1, 2008, (a) outlining its approach and progress toward implementing a greenhouse gas vehicle emissions disclosure labeling program for Washington, (b) providing an update on the status of California's greenhouse gas vehicle labeling program, and (c) making recommendations as necessary for legislation to meet the intent and purpose of chapter . . . , Laws of 2008 (this act) by the 2010 model year.

Passed by the Senate February 13, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 33

[Substitute Senate Bill 6322]

WEAPON DEFINITION

AN ACT Relating to revising the definition of a weapon; and reenacting and amending RCW 9.41.300.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 9.41.300 and 2004 c 116 s 1 and 2004 c 16 s 1 are each reenacted and amended to read as follows:

(1) It is unlawful for any person to enter the following places when he or she knowingly possesses or knowingly has under his or her control a weapon:

(a) The restricted access areas of a jail, or of a law enforcement facility, or any place used for the confinement of a person (i) arrested for, charged with, or convicted of an offense, (ii) held for extradition or as a material witness, or (iii) otherwise confined pursuant to an order of a court, except an order under chapter 13.32A or 13.34 RCW. Restricted access areas do not include common areas of egress or ingress open to the general public;

(b) Those areas in any building which are used in connection with court proceedings, including courtrooms, jury rooms, judge's chambers, offices and areas used to conduct court business, waiting areas, and corridors adjacent to areas used in connection with court proceedings. The restricted areas do not include common areas of ingress and egress to the building that is used in

connection with court proceedings, when it is possible to protect court areas without restricting ingress and egress to the building. The restricted areas shall be the minimum necessary to fulfill the objective of this subsection (1)(b).

For purposes of this subsection (1)(b), "weapon" means any firearm, explosive as defined in RCW 70.74.010, or any weapon of the kind usually known as slung shot, sand club, or metal knuckles, or any knife, dagger, dirk, or other similar weapon that is capable of causing death or bodily injury and is commonly used with the intent to cause death or bodily injury.

In addition, the local legislative authority shall provide either a stationary locked box sufficient in size for pistols and key to a weapon owner for weapon storage, or shall designate an official to receive weapons for safekeeping, during the owner's visit to restricted areas of the building. The locked box or designated official shall be located within the same building used in connection with court proceedings. The local legislative authority shall be liable for any negligence causing damage to or loss of a weapon either placed in a locked box or left with an official during the owner's visit to restricted areas of the building.

The local judicial authority shall designate and clearly mark those areas where weapons are prohibited, and shall post notices at each entrance to the building of the prohibition against weapons in the restricted areas;

(c) The restricted access areas of a public mental health facility certified by the department of social and health services for inpatient hospital care and state institutions for the care of the mentally ill, excluding those facilities solely for evaluation and treatment. Restricted access areas do not include common areas of egress and ingress open to the general public;

(d) That portion of an establishment classified by the state liquor control board as off-limits to persons under twenty-one years of age; or

(e) The restricted access areas of a commercial service airport designated in the airport security plan approved by the federal transportation security administration, including passenger screening checkpoints at or beyond the point at which a passenger initiates the screening process. These areas do not include airport drives, general parking areas and walkways, and shops and areas of the terminal that are outside the screening checkpoints and that are normally open to unscreened passengers or visitors to the airport. Any restricted access area shall be clearly indicated by prominent signs indicating that firearms and other weapons are prohibited in the area.

(2) Cities, towns, counties, and other municipalities may enact laws and ordinances:

(a) Restricting the discharge of firearms in any portion of their respective jurisdictions where there is a reasonable likelihood that humans, domestic animals, or property will be jeopardized. Such laws and ordinances shall not abridge the right of the individual guaranteed by Article I, section 24 of the state Constitution to bear arms in defense of self or others; and

(b) Restricting the possession of firearms in any stadium or convention center, operated by a city, town, county, or other municipality, except that such restrictions shall not apply to:

(i) Any pistol in the possession of a person licensed under RCW 9.41.070 or exempt from the licensing requirement by RCW 9.41.060; or

(ii) Any showing, demonstration, or lecture involving the exhibition of firearms.

(3)(a) Cities, towns, and counties may enact ordinances restricting the areas in their respective jurisdictions in which firearms may be sold, but, except as provided in (b) of this subsection, a business selling firearms may not be treated more restrictively than other businesses located within the same zone. An ordinance requiring the cessation of business within a zone shall not have a shorter grandfather period for businesses selling firearms than for any other businesses within the zone.

(b) Cities, towns, and counties may restrict the location of a business selling firearms to not less than five hundred feet from primary or secondary school grounds, if the business has a storefront, has hours during which it is open for business, and posts advertisements or signs observable to passersby that firearms are available for sale. A business selling firearms that exists as of the date a restriction is enacted under this subsection (3)(b) shall be grandfathered according to existing law.

(4) Violations of local ordinances adopted under subsection (2) of this section must have the same penalty as provided for by state law.

(5) The perimeter of the premises of any specific location covered by subsection (1) of this section shall be posted at reasonable intervals to alert the public as to the existence of any law restricting the possession of firearms on the premises.

(6) Subsection (1) of this section does not apply to:

(a) A person engaged in military activities sponsored by the federal or state governments, while engaged in official duties;

(b) Law enforcement personnel, except that subsection (1)(b) of this section does apply to a law enforcement officer who is present at a courthouse building as a party to an action under chapter 10.14, 10.99, or 26.50 RCW, or an action under Title 26 RCW where any party has alleged the existence of domestic violence as defined in RCW 26.50.010; or

(c) Security personnel while engaged in official duties.

(7) Subsection (1)(a) of this section does not apply to a person licensed pursuant to RCW 9.41.070 who, upon entering the place or facility, directly and promptly proceeds to the administrator of the facility or the administrator's designee and obtains written permission to possess the firearm while on the premises or checks his or her firearm. The person may reclaim the firearms upon leaving but must immediately and directly depart from the place or facility.

(8) Subsection (1)(c) of this section does not apply to any administrator or employee of the facility or to any person who, upon entering the place or facility, directly and promptly proceeds to the administrator of the facility or the administrator's designee and obtains written permission to possess the firearm while on the premises.

(9) Subsection (1)(d) of this section does not apply to the proprietor of the premises or his or her employees while engaged in their employment.

(10) Any person violating subsection (1) of this section is guilty of a gross misdemeanor.

(11) "Weapon" as used in this section means any firearm, explosive as defined in RCW 70.74.010, or instrument or weapon listed in RCW 9.41.250.

Passed by the Senate February 15, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 17, 2008.
Filed in Office of Secretary of State March 18, 2008.

CHAPTER 34

[Substitute Senate Bill 6324]

AERIAL SEARCH AND RESCUE—LIABILITY

AN ACT Relating to liability immunity for aerial search and rescue activities managed by the department of transportation; and amending RCW 47.68.380.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 47.68.380 and 1995 c 153 s 1 are each amended to read as follows:

(1) The aviation division of the department is responsible for the conduct and management of all aerial search and rescue within the state. This includes search and rescue efforts involving aircraft and airships. The division is also responsible for search and rescue activities involving electronic emergency signaling devices such as emergency locator transmitters (ELT's) and emergency position indicating radio beacons (EPIRB's).

(2) An act or omission by any person registered with the aviation division of the department for the purpose of engaging in aerial search and rescue activities, while engaged in such activities, shall not impose any liability on the department or the person for civil damages resulting from the act or omission. However, the immunity provided under this subsection shall not apply to an act or omission that constitutes gross negligence or willful or wanton misconduct. For the purpose of this subsection, "aerial search and rescue activities" includes, but is not limited to, training and training-related activities, but does not include appropriate search and rescue activities conducted under the authority of RCW 38.52.400.

Passed by the Senate February 16, 2008.
Passed by the House March 4, 2008.
Approved by the Governor March 17, 2008.
Filed in Office of Secretary of State March 18, 2008.

CHAPTER 35

[Senate Bill 6465]

FISHING LICENSE FEES—MILITARY PERSONNEL

AN ACT Relating to temporary fishing license fees; and amending RCW 77.32.470.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 77.32.470 and 2007 c 442 s 5 are each amended to read as follows:

(1) A personal use saltwater, freshwater, combination, temporary, or family fishing weekend license is required for all persons fifteen years of age or older to fish for or possess fish taken for personal use from state waters or offshore waters.

(2) The fees for annual personal use saltwater, freshwater, or combination licenses are as follows:

(a) A combination license allows the holder to fish for or possess fish, shellfish, and seaweed from state waters or offshore waters. The fee for this license is thirty-six dollars for residents, seventy-two dollars for nonresidents, and five dollars for youth. There is an additional fifty-cent surcharge for this license, to be deposited in the rockfish research account created (~~(fint)~~) in RCW 77.12.702.

(b) A saltwater license allows the holder to fish for or possess fish taken from saltwater areas. The fee for this license is eighteen dollars for residents, thirty-six dollars for nonresidents, and five dollars for resident seniors. There is an additional fifty-cent surcharge for this license, to be deposited in the rockfish research account created (~~(fint)~~) in RCW 77.12.702.

(c) A freshwater license allows the holder to fish for, take, or possess food fish or game fish species in all freshwater areas. The fee for this license is twenty dollars for residents, forty dollars for nonresidents, and five dollars for resident seniors.

(3)(a) A temporary combination fishing license is valid for one to five consecutive days and allows the holder to fish for or possess fish, shellfish, and seaweed taken from state waters or offshore waters. The fee for this temporary fishing license is:

(i) One day - Seven dollars for residents and fourteen dollars for nonresidents;

(ii) Two days - Ten dollars for residents and twenty dollars for nonresidents;

(iii) Three days - Thirteen dollars for residents and twenty-six dollars for nonresidents;

(iv) Four days - Fifteen dollars for residents and thirty dollars for nonresidents; and

(v) Five days - Seventeen dollars for residents and thirty-four dollars for nonresidents.

(b) The fee for a charter stamp is seven dollars for a one-day temporary combination fishing license for residents and nonresidents for use on a charter boat as defined in RCW 77.65.150.

(c) A transaction fee to support the automated licensing system will be taken from the amounts set forth in this subsection for temporary licenses.

(d) Except for active duty military personnel serving in any branch of the United States armed forces, the temporary combination fishing license is not valid on game fish species for an eight-consecutive-day period beginning on the opening day of the lowland lake fishing season.

(e) The temporary combination fishing license fee for active duty military personnel serving in any branch of the United States armed forces is the resident rate as set forth in (a) of this subsection. Active duty military personnel must provide a valid military identification card at the time of purchase of the temporary license to qualify for the resident rate.

(f) There is an additional fifty-cent surcharge on the temporary combination fishing license and the associated charter stamp, to be deposited in the rockfish research account created in RCW 77.12.702.

(4) A family fishing weekend license allows for a maximum of six anglers: One resident and five youth; two residents and four youth; or one resident, one nonresident, and four youth. This license allows the holders to fish for or possess fish taken from state waters or offshore waters. The fee for this license

is twenty dollars. This license is only valid during periods as specified by rule of the department.

(5) The commission may adopt rules to create and sell combination licenses for all hunting and fishing activities at or below a fee equal to the total cost of the individual license contained within any combination.

Passed by the Senate February 12, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 36

[Substitute Senate Bill 6500]

LEAVE SHARING PROGRAM—DOMESTIC VIOLENCE VICTIMS

AN ACT Relating to leave sharing for victims of domestic violence, sexual assault, and stalking; amending RCW 41.04.655 and 41.04.660; reenacting and amending RCW 41.04.665; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 41.04.655 and 2003 1st sp.s. c 12 s 1 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout RCW 41.04.650 through 41.04.670, 28A.400.380, and section 7, chapter 93, Laws of 1989.

(1) "Domestic violence" means: (a) Physical harm, bodily injury, assault, or the infliction of fear of imminent physical harm, bodily injury, or assault, between family or household members as defined in RCW 26.50.010; (b) sexual assault of one family or household member by another family or household member; or (c) stalking as defined in RCW 9A.46.110 of one family or household member by another family or household member.

(2) "Employee" means any employee of the state, including employees of school districts and educational service districts, who are entitled to accrue sick leave or annual leave and for whom accurate leave records are maintained.

~~((2))~~ (3) "Program" means the leave sharing program established in RCW 41.04.660.

~~((3))~~ (4) "Service in the uniformed services" means the performance of duty on a voluntary or involuntary basis in a uniformed service under competent authority and includes active duty, active duty for training, initial active duty for training, inactive duty training, full-time national guard duty including state-ordered active duty, and a period for which a person is absent from a position of employment for the purpose of an examination to determine the fitness of the person to perform any such duty.

~~((4))~~ (5) "Sexual assault" has the same meaning as set forth in RCW 70.125.030.

(6) "Stalking" has the same meaning as set forth in RCW 9A.46.110.

(7) "State agency" or "agency" means departments, offices, agencies, or institutions of state government, the legislature, institutions of higher education, school districts, and educational service districts.

~~((5))~~ (8) "Uniformed services" means the armed forces, the army national guard, and the air national guard of any state, territory, commonwealth,

possession, or district when engaged in active duty for training, inactive duty training, full-time national guard duty, or state active duty, the commissioned corps of the public health service, the coast guard, and any other category of persons designated by the president of the United States in time of war or national emergency.

(9) "Victim" means a person against whom domestic violence, sexual assault, or stalking has been committed as defined in this section.

Sec. 2. RCW 41.04.660 and 2003 1st sp.s. c 12 s 2 are each amended to read as follows:

The Washington state leave sharing program is hereby created. The purpose of the program is to permit state employees, at no significantly increased cost to the state of providing annual leave, sick leave, or personal holidays, to come to the aid of a fellow state employee who is suffering from or has a relative or household member suffering from an extraordinary or severe illness, injury, impairment, or physical or mental condition~~((:))~~; a fellow state employee who is a victim of domestic violence, sexual assault, or stalking; or a fellow state employee who has been called to service in the uniformed services, which has caused or is likely to cause the employee to take leave without pay or terminate his or her employment.

Sec. 3. RCW 41.04.665 and 2007 c 454 s 1 and 2007 c 25 s 2 are each reenacted and amended to read as follows:

(1) An agency head may permit an employee to receive leave under this section if:

(a)(i) The employee suffers from, or has a relative or household member suffering from, an illness, injury, impairment, or physical or mental condition which is of an extraordinary or severe nature;

(ii) The employee has been called to service in the uniformed services; ~~((:))~~

(iii) A state of emergency has been declared anywhere within the United States by the federal or any state government and the employee has needed skills to assist in responding to the emergency or its aftermath and volunteers his or her services to either a governmental agency or to a nonprofit organization engaged in humanitarian relief in the devastated area, and the governmental agency or nonprofit organization accepts the employee's offer of volunteer services; or

(iv) The employee is a victim of domestic violence, sexual assault, or stalking;

(b) The illness, injury, impairment, condition, call to service, ~~((:))~~ emergency volunteer service, or consequence of domestic violence, sexual assault, or stalking has caused, or is likely to cause, the employee to:

(i) Go on leave without pay status; or

(ii) Terminate state employment;

(c) The employee's absence and the use of shared leave are justified;

(d) The employee has depleted or will shortly deplete his or her:

(i) Annual leave and sick leave reserves if he or she qualifies under (a)(i) of this subsection;

(ii) Annual leave and paid military leave allowed under RCW 38.40.060 if he or she qualifies under (a)(ii) of this subsection; or

(iii) Annual leave if he or she qualifies under (a)(iii) or (iv) of this subsection;

(e) The employee has abided by agency rules regarding:

(i) Sick leave use if he or she qualifies under (a)(i) or (iv) of this subsection;

or

(ii) Military leave if he or she qualifies under (a)(ii) of this subsection; and

(f) The employee has diligently pursued and been found to be ineligible for benefits under chapter 51.32 RCW if he or she qualifies under (a)(i) of this subsection.

(2) The agency head shall determine the amount of leave, if any, which an employee may receive under this section. However, an employee shall not receive a total of more than two hundred sixty-one days of leave, except that shared leave received under the uniformed service shared leave pool in RCW 41.04.685 is not included in this total.

(3) An employee may transfer annual leave, sick leave, and his or her personal holiday, as follows:

(a) An employee who has an accrued annual leave balance of more than ten days may request that the head of the agency for which the employee works transfer a specified amount of annual leave to another employee authorized to receive leave under subsection (1) of this section. In no event may the employee request a transfer of an amount of leave that would result in his or her annual leave account going below ten days. For purposes of this subsection (3)(a), annual leave does not accrue if the employee receives compensation in lieu of accumulating a balance of annual leave.

(b) An employee may transfer a specified amount of sick leave to an employee requesting shared leave only when the donating employee retains a minimum of one hundred seventy-six hours of sick leave after the transfer.

(c) An employee may transfer, under the provisions of this section relating to the transfer of leave, all or part of his or her personal holiday, as that term is defined under RCW 1.16.050, or as such holidays are provided to employees by agreement with a school district's board of directors if the leave transferred under this subsection does not exceed the amount of time provided for personal holidays under RCW 1.16.050.

(4) An employee of an institution of higher education under RCW 28B.10.016, school district, or educational service district who does not accrue annual leave but does accrue sick leave and who has an accrued sick leave balance of more than twenty-two days may request that the head of the agency for which the employee works transfer a specified amount of sick leave to another employee authorized to receive leave under subsection (1) of this section. In no event may such an employee request a transfer that would result in his or her sick leave account going below twenty-two days. Transfers of sick leave under this subsection are limited to transfers from employees who do not accrue annual leave. Under this subsection, "sick leave" also includes leave accrued pursuant to RCW 28A.400.300(2) or 28A.310.240(1) with compensation for illness, injury, and emergencies.

(5) Transfers of leave made by an agency head under subsections (3) and (4) of this section shall not exceed the requested amount.

(6) Leave transferred under this section may be transferred from employees of one agency to an employee of the same agency or, with the approval of the

heads of both agencies, to an employee of another state agency. However, leave transferred to or from employees of school districts or educational service districts is limited to transfers to or from employees within the same employing district.

(7) While an employee is on leave transferred under this section, he or she shall continue to be classified as a state employee and shall receive the same treatment in respect to salary, wages, and employee benefits as the employee would normally receive if using accrued annual leave or sick leave.

(a) All salary and wage payments made to employees while on leave transferred under this section shall be made by the agency employing the person receiving the leave. The value of leave transferred shall be based upon the leave value of the person receiving the leave.

(b) In the case of leave transferred by an employee of one agency to an employee of another agency, the agencies involved shall arrange for the transfer of funds and credit for the appropriate value of leave.

(i) Pursuant to rules adopted by the office of financial management, funds shall not be transferred under this section if the transfer would violate any constitutional or statutory restrictions on the funds being transferred.

(ii) The office of financial management may adjust the appropriation authority of an agency receiving funds under this section only if and to the extent that the agency's existing appropriation authority would prevent it from expending the funds received.

(iii) Where any questions arise in the transfer of funds or the adjustment of appropriation authority, the director of financial management shall determine the appropriate transfer or adjustment.

(8) Leave transferred under this section shall not be used in any calculation to determine an agency's allocation of full time equivalent staff positions.

(9) The value of any leave transferred under this section which remains unused shall be returned at its original value to the employee or employees who transferred the leave when the agency head finds that the leave is no longer needed or will not be needed at a future time in connection with the illness or injury for which the leave was transferred or for any other qualifying condition. Before the agency head makes a determination to return unused leave in connection with an illness or injury, or any other qualifying condition, he or she must receive from the affected employee a statement from the employee's doctor verifying that the illness or injury is resolved. To the extent administratively feasible, the value of unused leave which was transferred by more than one employee shall be returned on a pro rata basis.

(10) An employee who uses leave that is transferred to him or her under this section may not be required to repay the value of the leave that he or she used.

NEW SECTION. Sec. 4. This act takes effect October 1, 2008.

Passed by the Senate February 11, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 37

[Senate Bill 6504]

CONSTRUCTION STORM WATER GENERAL PERMITS—EXEMPTIONS

AN ACT Relating to exempting certain minor new construction associated with construction storm water general permits from the state environmental policy act; amending RCW 43.21C.0383; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature intends that the revised threshold adopted in 2005 for the department of ecology's construction storm water general permit should not increase the scope of projects subject to state environmental policy act review. The department of ecology should pursue rule making to achieve the intent of this act.

Sec. 2. RCW 43.21C.0383 and 1996 c 322 s 1 are each amended to read as follows:

The following waste discharge permit actions are not subject to the requirements of RCW 43.21C.030(2)(c):

(1) For existing discharges, the issuance, reissuance, or modification of a waste discharge permit that contains conditions no less stringent than federal effluent limitations and state rules ((is not subject to the requirements of RCW 43.21C.030(2)(c). This exemption applies to existing discharges only and does not apply to new source discharges)):

(2) The issuance of a construction storm water general permit under chapter 90.48 RCW for a proposal disturbing less than five acres. The exemption in this subsection does not apply if, under rules adopted by the department of ecology, the proposal would otherwise be subject to the requirements of RCW 43.21C.030(2)(c).

Passed by the Senate February 14, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 38

[Substitute Senate Bill 6544]

CRIMINAL MISTREATMENT—SERIOUSNESS LEVEL

AN ACT Relating to the seriousness level of criminal mistreatment; and reenacting and amending RCW 9.94A.515.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 9.94A.515 and 2007 c 368 s 14 and 2007 c 199 s 10 are each reenacted and amended to read as follows:

TABLE 2

CRIMES INCLUDED WITHIN EACH
SERIOUSNESS LEVEL

XVI Aggravated Murder 1 (RCW 10.95.020)

XV Homicide by abuse (RCW 9A.32.055)

- Malicious explosion 1 (RCW 70.74.280(1))
- Murder 1 (RCW 9A.32.030)
- XIV Murder 2 (RCW 9A.32.050)
- Trafficking 1 (RCW 9A.40.100(1))
- XIII Malicious explosion 2 (RCW 70.74.280(2))
- Malicious placement of an explosive 1 (RCW 70.74.270(1))
- XII Assault 1 (RCW 9A.36.011)
- Assault of a Child 1 (RCW 9A.36.120)
- Malicious placement of an imitation device 1 (RCW 70.74.272(1)(a))
- Rape 1 (RCW 9A.44.040)
- Rape of a Child 1 (RCW 9A.44.073)
- Trafficking 2 (RCW 9A.40.100(2))
- XI Manslaughter 1 (RCW 9A.32.060)
- Rape 2 (RCW 9A.44.050)
- Rape of a Child 2 (RCW 9A.44.076)
- X Child Molestation 1 (RCW 9A.44.083)
- Criminal Mistreatment 1 (RCW 9A.42.020)
- Indecent Liberties (with forcible compulsion) (RCW 9A.44.100(1)(a))
- Kidnapping 1 (RCW 9A.40.020)
- Leading Organized Crime (RCW 9A.82.060(1)(a))
- Malicious explosion 3 (RCW 70.74.280(3))
- Sexually Violent Predator Escape (RCW 9A.76.115)
- IX Abandonment of Dependent Person 1 (RCW 9A.42.060)
- Assault of a Child 2 (RCW 9A.36.130)
- ~~((Criminal Mistreatment 1 (RCW 9A.42.020)))~~
- Explosive devices prohibited (RCW 70.74.180)

- Hit and Run—Death (RCW 46.52.020(4)(a))
- Homicide by Watercraft, by being under the influence of intoxicating liquor or any drug (RCW 79A.60.050)
- Inciting Criminal Profiteering (RCW 9A.82.060(1)(b))
- Malicious placement of an explosive 2 (RCW 70.74.270(2))
- Robbery 1 (RCW 9A.56.200)
- Sexual Exploitation (RCW 9.68A.040)
- Vehicular Homicide, by being under the influence of intoxicating liquor or any drug (RCW 46.61.520)
- VIII Arson 1 (RCW 9A.48.020)
 - Homicide by Watercraft, by the operation of any vessel in a reckless manner (RCW 79A.60.050)
 - Manslaughter 2 (RCW 9A.32.070)
 - Promoting Commercial Sexual Abuse of a Minor (RCW 9.68A.101)
 - Promoting Prostitution 1 (RCW 9A.88.070)
 - Theft of Ammonia (RCW 69.55.010)
 - Vehicular Homicide, by the operation of any vehicle in a reckless manner (RCW 46.61.520)
- VII Burglary 1 (RCW 9A.52.020)
 - Child Molestation 2 (RCW 9A.44.086)
 - Civil Disorder Training (RCW 9A.48.120)
 - Dealing in depictions of minor engaged in sexually explicit conduct (RCW 9.68A.050)
 - Drive-by Shooting (RCW 9A.36.045)
 - Homicide by Watercraft, by disregard for the safety of others (RCW 79A.60.050)

- Indecent Liberties (without forcible compulsion) (RCW 9A.44.100(1) (b) and (c))
- Introducing Contraband 1 (RCW 9A.76.140)
- Malicious placement of an explosive 3 (RCW 70.74.270(3))
- Negligently Causing Death By Use of a Signal Preemption Device (RCW 46.37.675)
- Sending, bringing into state depictions of minor engaged in sexually explicit conduct (RCW 9.68A.060)
- Unlawful Possession of a Firearm in the first degree (RCW 9.41.040(1))
- Use of a Machine Gun in Commission of a Felony (RCW 9.41.225)
- Vehicular Homicide, by disregard for the safety of others (RCW 46.61.520)
- VI Bail Jumping with Murder 1 (RCW 9A.76.170(3)(a))
- Bribery (RCW 9A.68.010)
- Incest 1 (RCW 9A.64.020(1))
- Intimidating a Judge (RCW 9A.72.160)
- Intimidating a Juror/Witness (RCW 9A.72.110, 9A.72.130)
- Malicious placement of an imitation device 2 (RCW 70.74.272(1)(b))
- Possession of Depictions of a Minor Engaged in Sexually Explicit Conduct (RCW 9.68A.070)
- Rape of a Child 3 (RCW 9A.44.079)
- Theft of a Firearm (RCW 9A.56.300)
- Unlawful Storage of Ammonia (RCW 69.55.020)
- V Abandonment of Dependent Person 2 (RCW 9A.42.070)

Advancing money or property for
extortionate extension of credit
(RCW 9A.82.030)

Bail Jumping with class A Felony
(RCW 9A.76.170(3)(b))

Child Molestation 3 (RCW 9A.44.089)

Criminal Mistreatment 2 (RCW
9A.42.030)

Custodial Sexual Misconduct 1 (RCW
9A.44.160)

Domestic Violence Court Order
Violation (RCW 10.99.040,
10.99.050, 26.09.300, 26.10.220,
26.26.138, 26.50.110, 26.52.070,
or 74.34.145)

Driving While Under the Influence
(RCW 46.61.502(6))

Extortion 1 (RCW 9A.56.120)

Extortionate Extension of Credit (RCW
9A.82.020)

Extortionate Means to Collect
Extensions of Credit (RCW
9A.82.040)

Incest 2 (RCW 9A.64.020(2))

Kidnapping 2 (RCW 9A.40.030)

Perjury 1 (RCW 9A.72.020)

Persistent prison misbehavior (RCW
9.94.070)

Physical Control of a Vehicle While
Under the Influence (RCW
46.61.504(6))

Possession of a Stolen Firearm (RCW
9A.56.310)

Rape 3 (RCW 9A.44.060)

Rendering Criminal Assistance 1 (RCW
9A.76.070)

Sexual Misconduct with a Minor 1
(RCW 9A.44.093)

Sexually Violating Human Remains
(RCW 9A.44.105)

- Stalking (RCW 9A.46.110)
- Taking Motor Vehicle Without
Permission 1 (RCW 9A.56.070)
- IV Arson 2 (RCW 9A.48.030)
- Assault 2 (RCW 9A.36.021)
- Assault 3 (of a Peace Officer with a
Projectile Stun Gun) (RCW
9A.36.031(1)(h))
- Assault by Watercraft (RCW
79A.60.060)
- Bribing a Witness/Bribe Received by
Witness (RCW 9A.72.090,
9A.72.100)
- Cheating 1 (RCW 9.46.1961)
- Commercial Bribery (RCW 9A.68.060)
- Counterfeiting (RCW 9.16.035(4))
- Endangerment with a Controlled
Substance (RCW 9A.42.100)
- Escape 1 (RCW 9A.76.110)
- Hit and Run—Injury (RCW
46.52.020(4)(b))
- Hit and Run with Vessel—Injury
Accident (RCW 79A.60.200(3))
- Identity Theft 1 (RCW 9.35.020(2))
- Indecent Exposure to Person Under Age
Fourteen (subsequent sex offense)
(RCW 9A.88.010)
- Influencing Outcome of Sporting Event
(RCW 9A.82.070)
- Malicious Harassment (RCW
9A.36.080)
- Residential Burglary (RCW 9A.52.025)
- Robbery 2 (RCW 9A.56.210)
- Theft of Livestock 1 (RCW 9A.56.080)
- Threats to Bomb (RCW 9.61.160)
- Trafficking in Stolen Property 1 (RCW
9A.82.050)
- Unlawful factoring of a credit card or
payment card transaction (RCW
9A.56.290(4)(b))

- Unlawful transaction of health coverage as a health care service contractor (RCW 48.44.016(3))
- Unlawful transaction of health coverage as a health maintenance organization (RCW 48.46.033(3))
- Unlawful transaction of insurance business (RCW 48.15.023(3))
- Unlicensed practice as an insurance professional (RCW 48.17.063(3))
- Use of Proceeds of Criminal Profiteering (RCW 9A.82.080 (1) and (2))
- Vehicular Assault, by being under the influence of intoxicating liquor or any drug, or by the operation or driving of a vehicle in a reckless manner (RCW 46.61.522)
- Willful Failure to Return from Furlough (RCW 72.66.060)
- III Animal Cruelty 1 (Sexual Conduct or Contact) (RCW 16.52.205(3))
- Assault 3 (Except Assault 3 of a Peace Officer With a Projectile Stun Gun) (RCW 9A.36.031 except subsection (1)(h))
- Assault of a Child 3 (RCW 9A.36.140)
- Bail Jumping with class B or C Felony (RCW 9A.76.170(3)(c))
- Burglary 2 (RCW 9A.52.030)
- Commercial Sexual Abuse of a Minor (RCW 9.68A.100)
- Communication with a Minor for Immoral Purposes (RCW 9.68A.090)
- Criminal Gang Intimidation (RCW 9A.46.120)
- Custodial Assault (RCW 9A.36.100)
- Cyberstalking (subsequent conviction or threat of death) (RCW 9.61.260(3))

Escape 2 (RCW 9A.76.120)
Extortion 2 (RCW 9A.56.130)
Harassment (RCW 9A.46.020)
Intimidating a Public Servant (RCW
9A.76.180)
Introducing Contraband 2 (RCW
9A.76.150)
Malicious Injury to Railroad Property
(RCW 81.60.070)
Negligently Causing Substantial Bodily
Harm By Use of a Signal
Preemption Device (RCW
46.37.674)
Organized Retail Theft 1 (RCW
9A.56.350(2))
Perjury 2 (RCW 9A.72.030)
Possession of Incendiary Device (RCW
9.40.120)
Possession of Machine Gun or Short-
Barreled Shotgun or Rifle (RCW
9.41.190)
Promoting Prostitution 2 (RCW
9A.88.080)
Retail Theft with Extenuating
Circumstances 1 (RCW
9A.56.360(2))
Securities Act violation (RCW
21.20.400)
Tampering with a Witness (RCW
9A.72.120)
Telephone Harassment (subsequent
conviction or threat of death)
(RCW 9.61.230(2))
Theft of Livestock 2 (RCW 9A.56.083)
Theft with the Intent to Resell 1 (RCW
9A.56.340(2))
Trafficking in Stolen Property 2 (RCW
9A.82.055)
Unlawful Imprisonment (RCW
9A.40.040)

- Unlawful possession of firearm in the second degree (RCW 9A.04.020(2))
- Vehicular Assault, by the operation or driving of a vehicle with disregard for the safety of others (RCW 46.61.522)
- Willful Failure to Return from Work Release (RCW 72.65.070)
- II Computer Trespass 1 (RCW 9A.52.110)
- Counterfeiting (RCW 9.16.035(3))
- Escape from Community Custody (RCW 72.09.310)
- Failure to Register as a Sex Offender (second or subsequent offense) (RCW 9A.44.130(~~(10)~~)(11)(a))
- Health Care False Claims (RCW 48.80.030)
- Identity Theft 2 (RCW 9.35.020(3))
- Improperly Obtaining Financial Information (RCW 9.35.010)
- Malicious Mischief 1 (RCW 9A.48.070)
- Organized Retail Theft 2 (RCW 9A.56.350(3))
- Possession of Stolen Property 1 (RCW 9A.56.150)
- Possession of a Stolen Vehicle (RCW 9A.56.068)
- Retail Theft with Extenuating Circumstances 2 (RCW 9A.56.360(3))
- Theft 1 (RCW 9A.56.030)
- Theft of a Motor Vehicle (RCW 9A.56.065)
- Theft of Rental, Leased, or Lease-purchased Property (valued at one thousand five hundred dollars or more) (RCW 9A.56.096(5)(a))
- Theft with the Intent to Resell 2 (RCW 9A.56.340(3))

- Trafficking in Insurance Claims (RCW 48.30A.015)
- Unlawful factoring of a credit card or payment card transaction (RCW 9A.56.290(4)(a))
- Unlawful Practice of Law (RCW 2.48.180)
- Unlicensed Practice of a Profession or Business (RCW 18.130.190(7))
- Voyeurism (RCW 9A.44.115)
- I Attempting to Elude a Pursuing Police Vehicle (RCW 46.61.024)
- False Verification for Welfare (RCW 74.08.055)
- Forgery (RCW 9A.60.020)
- Fraudulent Creation or Revocation of a Mental Health Advance Directive (RCW 9A.60.060)
- Malicious Mischief 2 (RCW 9A.48.080)
- Mineral Trespass (RCW 78.44.330)
- Possession of Stolen Property 2 (RCW 9A.56.160)
- Reckless Burning 1 (RCW 9A.48.040)
- Taking Motor Vehicle Without Permission 2 (RCW 9A.56.075)
- Theft 2 (RCW 9A.56.040)
- Theft of Rental, Leased, or Lease-purchased Property (valued at two hundred fifty dollars or more but less than one thousand five hundred dollars) (RCW 9A.56.096(5)(b))
- Transaction of insurance business beyond the scope of licensure (RCW 48.17.063(4))
- Unlawful Issuance of Checks or Drafts (RCW 9A.56.060)
- Unlawful Possession of Fictitious Identification (RCW 9A.56.320)

Unlawful Possession of Instruments of
Financial Fraud (RCW 9A.56.320)

Unlawful Possession of Payment
Instruments (RCW 9A.56.320)

Unlawful Possession of a Personal
Identification Device (RCW
9A.56.320)

Unlawful Production of Payment
Instruments (RCW 9A.56.320)

Unlawful Trafficking in Food Stamps
(RCW 9.91.142)

Unlawful Use of Food Stamps (RCW
9.91.144)

Vehicle Prowl 1 (RCW 9A.52.095)

Passed by the Senate February 15, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 39

[Senate Bill 6685]

LEGISLATOR MAILINGS

AN ACT Relating to ethical restrictions on mailings by legislators; amending RCW 42.52.185; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that the legislature's ability to communicate with its constituency is of the utmost importance in having a healthy representative democracy. It is the intent of the legislature to provide important information to constituents on an ongoing basis in order to truly be a government of the people and for the people. The legislature finds that this communication will only increase citizen access to legislative issues.

Sec. 2. RCW 42.52.185 and 1997 c 320 s 1 are each amended to read as follows:

(1) During the twelve-month period beginning on December 1st of the year before a general election for a state legislator's election to office and continuing through November 30th immediately after the general election, the legislator may not mail, either by regular mail or electronic mail, to a constituent at public expense a letter, newsletter, brochure, or other piece of literature, except as follows:

(a) The legislator may mail two mailings of newsletters to constituents. All newsletters within each mailing of newsletters must be identical as to their content but not as to the constituent name or address. One such mailing may be mailed no later than thirty days after the start of a regular legislative session, except that a legislator appointed during a regular legislative session to fill a

vacant seat may have up to thirty days from the date of appointment to send out the first mailing. The other mailing may be mailed no later than sixty days after the end of a regular legislative session.

(b) The legislator may mail an individual letter to (i) an individual constituent who has contacted the legislator regarding the subject matter of the letter during the legislator's current term of office; (ii) an individual constituent who holds a governmental office with jurisdiction over the subject matter of the letter; or (iii) an individual constituent who has received an award or honor of extraordinary distinction of a type that is sufficiently infrequent to be noteworthy to a reasonable person, including, but not limited to: (A) An international or national award such as the Nobel prize or the Pulitzer prize; (B) a state award such as Washington scholar; (C) an Eagle Scout award; and (D) a Medal of Honor.

(c) In those cases where constituents have specifically indicated that they would like to be contacted to receive regular or periodic updates on legislative matters, legislators may provide such updates by electronic mail throughout the legislative session and up until thirty days from the conclusion of a legislative session.

(2) For purposes of subsection (1) of this section, "legislator" means a legislator who is a "candidate," as defined by RCW 42.17.020, for any public office.

(3) A violation of this section constitutes use of the facilities of a public office for the purpose of assisting a campaign under RCW 42.52.180.

(4) The house of representatives and senate shall specifically limit expenditures per member for the total cost of mailings. Those costs include, but are not limited to, production costs, printing costs, and postage costs. The limits imposed under this subsection apply only to the total expenditures on mailings per member and not to any categorical cost within the total.

(5) For purposes of this section, persons residing outside the legislative district represented by the legislator are not considered to be constituents, but students, military personnel, or others temporarily employed outside of the district who normally reside in the district are considered to be constituents.

Passed by the Senate February 14, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 40

[Senate Bill 6753]

BURN BANS—SOLID FUEL BURNING DEVICES

AN ACT Relating to changes in calling burn bans on solid fuel burning devices; and amending RCW 70.94.473.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 70.94.473 and 2007 c 339 s 1 are each amended to read as follows:

(1) Any person in a residence or commercial establishment which has an adequate source of heat without burning wood shall:

(a) Not burn wood in any solid fuel burning device whenever the department has determined under RCW 70.94.715 that any air pollution episode exists in that area;

(b) Not burn wood in any solid fuel burning device except those which are either Oregon department of environmental quality phase II or United States environmental protection agency certified or certified by the department under RCW 70.94.457(1) or a pellet stove either certified or issued an exemption by the United States environmental protection agency in accordance with Title 40, Part 60 of the code of federal regulations, in the geographical area and for the period of time that a first stage of impaired air quality has been determined, by the department or any authority, for that area. A first stage of impaired air quality is reached when(=

(i) ~~Fine particulates are at an ambient level of thirty-five micrograms per cubic meter measured on a twenty-four hour average; and~~

~~((ii)) forecasted meteorological conditions are ((not expected to allow levels of fine particulates to decline below thirty-five micrograms per cubic meter for a period of forty-eight hours or more from the time that the fine particulates are measured at the trigger level)) predicted to cause fine particulate levels to exceed thirty-five micrograms per cubic meter, measured on a twenty-four hour average, within forty-eight hours; and~~

(c)(i) Not burn wood in any solid fuel burning device in a geographical area and for the period of time that a second stage of impaired air quality has been determined by the department or any authority, for that area. A second stage of impaired air quality is reached when(=

~~((i)) a first stage of impaired air quality has been in force and has not been sufficient to reduce the increasing fine particulate pollution trend((=),~~

~~((ii)) fine particulates are at an ambient level of ((sixty)) twenty-five micrograms per cubic meter measured on a twenty-four hour average((=), and~~

~~((iii)) forecasted meteorological conditions are not expected to allow levels of fine particulates to decline below ((sixty)) twenty-five micrograms per cubic meter for a period of ((forty-eight)) twenty-four hours or more from the time that the fine particulates are measured at the trigger level.~~

~~(ii) A second stage burn ban may be called without calling a first stage burn ban only when all of the following occur and shall require the department or the local air pollution control authority calling a second stage burn ban under this subsection to comply with the requirements of subsection (4) of this section:~~

~~(A) Fine particulate levels have reached or exceeded twenty-five micrograms per cubic meter, measured on a twenty-four hour average;~~

~~(B) Meteorological conditions have caused fine particulate levels to rise rapidly;~~

~~(C) Meteorological conditions are predicted to cause fine particulate levels to exceed the thirty-five micrograms per cubic meter, measured on a twenty-four hour average, within twenty-four hours; and~~

~~(D) Meteorological conditions are highly likely to prevent sufficient dispersion of fine particulate.~~

~~(2) ((Until June 30, 2009, an authority comprised of one county east of the crest of the Cascade mountains with a population of equal to or greater than four hundred thousand people, may determine by rule an alternative ambient air level of fine particulates that defines when a first stage and when a second stage of~~

~~impaired air quality exists under subsection (1) of this section. All other criteria of subsection (1) of this section continue to apply to a county subject to this subsection.~~

~~(2))~~ Actions of the department and local air pollution control authorities under this section shall preempt actions of other state agencies and local governments for the purposes of controlling air pollution from solid fuel burning devices, except where authorized by chapter 199, Laws of 1991.

(3) The department or any local air pollution control authority that has called a second stage burn ban under the authority of subsection (1)(c)(ii) of this section shall, within ninety days, prepare a written report describing:

(a) The meteorological conditions that resulted in their calling the second stage burn ban;

(b) Whether the agency could have taken actions to avoid calling a second stage burn ban without calling a first stage burn ban; and

(c) Any changes the department or authority is making to its procedures of calling first stage and second stage burn bans to avoid calling a second stage burn ban without first calling a first stage burn ban.

After consulting with affected parties, the department shall prescribe the format of such a report and may also require additional information be included in the report. All reports shall be sent to the department and the department shall keep the reports on file for not less than five years and available for public inspection and copying in accordance with RCW 42.56.090.

(4) The department and local air pollution control authorities shall evaluate the effectiveness of the burn ban programs contained in this section in avoiding fine particulate levels to exceed thirty-five micrograms per cubic meter, measured on a twenty-four hour average, and provide a joint report of the results to the legislature by September 1, 2011.

Passed by the Senate February 19, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 41

[Substitute Senate Bill 6770]

ALCOHOLIC BEVERAGES—REGULATION

AN ACT Relating to alcoholic beverage regulation; amending RCW 66.20.300, 66.20.310, 66.20.310, 66.24.185, 66.24.170, 66.24.240, 66.24.240, 66.24.590, and 66.28.040; reenacting and amending RCW 66.24.244, 66.24.244, and 66.24.400; providing effective dates; and providing expiration dates.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 66.20.300 and 1997 c 321 s 44 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout RCW 66.20.310 through 66.20.350.

(1) "Alcohol" has the same meaning as "liquor" in RCW 66.04.010.

(2) "Alcohol server" means any person ~~((serving or selling alcohol, spirits, wines, or beer))~~ who as part of his or her employment participates in the sale or service of alcoholic beverages for on-premise consumption at ((an on-premises))

a retail licensed ~~((facility))~~ premise as a regular requirement of his or her employment, and includes those persons eighteen years of age or older permitted by the liquor laws of this state to serve alcoholic beverages with meals.

(3) "Board" means the Washington state liquor control board.

(4) "Training entity" means any liquor licensee associations, independent contractors, private persons, and private or public schools, that have been certified by the board.

(5) "Retail licensed premises" means any:

(a) Premises licensed to sell alcohol by the glass or by the drink, or in original containers primarily for consumption on the premises as authorized by RCW 66.24.320, 66.24.330, 66.24.350, 66.24.400, 66.24.425, 66.24.450, and 66.24.570; and

(b) Facility established by a domestic winery for serving and selling wine pursuant to RCW 66.24.170(4).

Sec. 2. RCW 66.20.310 and 1997 c 321 s 45 are each amended to read as follows:

(1)(a) There shall be an alcohol server permit, known as a class 12 permit, for a manager or bartender selling or mixing alcohol, spirits, wines, or beer for consumption at an on-premises licensed facility.

(b) There shall be an alcohol server permit, known as a class 13 permit, for a person who only serves alcohol, spirits, wines, or beer for consumption at an on-premises licensed facility.

(c) As provided by rule by the board, a class 13 permit holder may be allowed to act as a bartender without holding a class 12 permit.

(2)(a) Effective January 1, 1997, except as provided in (d) of this subsection, every ~~((person))~~ alcohol server employed, under contract or otherwise, ~~((by an annual retail liquor licensee holding a license as authorized by RCW 66.24.320, 66.24.330, 66.24.350, 66.24.400, 66.24.425, 66.24.450, or 66.24.570, who as part of his or her employment participates in any manner in the sale or service of alcoholic beverages))~~ at a retail licensed premise shall have issued to them a class 12 or class 13 permit.

(b) Every class 12 and class 13 permit issued shall be issued in the name of the applicant and no other person may use the permit of another permit holder. The holder shall present the permit upon request to inspection by a representative of the board or a peace officer. The class 12 or class 13 permit shall be valid for employment at any retail licensed premises described in (a) of this subsection.

(c) ~~((No licensee described in (a) of this subsection.))~~ Except as provided in (d) of this subsection, no licensee holding a license as authorized by RCW 66.24.320, 66.24.330, 66.24.350, 66.24.400, 66.24.425, 66.24.450, and 66.24.570 may employ or accept the services of any person without the person first having a valid class 12 or class 13 permit.

(d) Within sixty days of initial employment, every person whose duties include the compounding, sale, service, or handling of liquor shall have a class 12 or class 13 permit.

(e) No person may perform duties that include the sale or service of alcoholic beverages on a retail licensed premises without possessing a valid alcohol server permit.

(3) A permit issued by a training entity under this section is valid for employment at any retail licensed premises described in subsection (2)(a) of this section for a period of five years unless suspended by the board.

(4) The board may suspend or revoke an existing permit if any of the following occur:

(a) The applicant or permittee has been convicted of violating any of the state or local intoxicating liquor laws of this state or has been convicted at any time of a felony; or

(b) The permittee has performed or permitted any act that constitutes a violation of this title or of any rule of the board.

(5) The suspension or revocation of a permit under this section does not relieve a licensee from responsibility for any act of the employee or agent while employed upon the retail licensed premises. The board may, as appropriate, revoke or suspend either the permit of the employee who committed the violation or the license of the licensee upon whose premises the violation occurred, or both the permit and the license.

(6)(a) After January 1, 1997, it is a violation of this title for any retail licensee or agent of a retail licensee as described in subsection (2)(a) of this section to employ in the sale or service of alcoholic beverages, any person who does not have a valid alcohol server permit or whose permit has been revoked, suspended, or denied.

(b) It is a violation of this title for a person whose alcohol server permit has been denied, suspended, or revoked to accept employment in the sale or service of alcoholic beverages.

(7) Grocery stores licensed under RCW 66.24.360, the primary commercial activity of which is the sale of grocery products and for which the sale and service of beer and wine for on-premises consumption with food is incidental to the primary business, and employees of such establishments, are exempt from RCW 66.20.300 through 66.20.350.

Sec. 3. RCW 66.20.310 and 2007 c 370 s 17 are each amended to read as follows:

(1)(a) There shall be an alcohol server permit, known as a class 12 permit, for a manager or bartender selling or mixing alcohol, spirits, wines, or beer for consumption at an on-premises licensed facility.

(b) There shall be an alcohol server permit, known as a class 13 permit, for a person who only serves alcohol, spirits, wines, or beer for consumption at an on-premises licensed facility.

(c) As provided by rule by the board, a class 13 permit holder may be allowed to act as a bartender without holding a class 12 permit.

(2)(a) Effective January 1, 1997, except as provided in (d) of this subsection, every ((person)) alcohol server employed, under contract or otherwise, ((by an annual retail liquor licensee holding a license as authorized by RCW 66.24.320, 66.24.330, 66.24.350, 66.24.400, 66.24.425, 66.24.450, 66.24.590, or 66.24.570, who as part of his or her employment participates in any manner in the sale or service of alcoholic beverages)) at a retail licensed premise shall have issued to them a class 12 or class 13 permit.

(b) Every class 12 and class 13 permit issued shall be issued in the name of the applicant and no other person may use the permit of another permit holder. The holder shall present the permit upon request to inspection by a

representative of the board or a peace officer. The class 12 or class 13 permit shall be valid for employment at any retail licensed premises described in (a) of this subsection.

(c) ~~(No licensee described in (a) of this subsection.)~~ Except as provided in (d) of this subsection, no licensee holding a license as authorized by RCW 66.24.320, 66.24.330, 66.24.350, 66.24.400, 66.24.425, 66.24.450, and 66.24.570 may employ or accept the services of any person without the person first having a valid class 12 or class 13 permit.

(d) Within sixty days of initial employment, every person whose duties include the compounding, sale, service, or handling of liquor shall have a class 12 or class 13 permit.

(e) No person may perform duties that include the sale or service of alcoholic beverages on a retail licensed premises without possessing a valid alcohol server permit.

(3) A permit issued by a training entity under this section is valid for employment at any retail licensed premises described in subsection (2)(a) of this section for a period of five years unless suspended by the board.

(4) The board may suspend or revoke an existing permit if any of the following occur:

(a) The applicant or permittee has been convicted of violating any of the state or local intoxicating liquor laws of this state or has been convicted at any time of a felony; or

(b) The permittee has performed or permitted any act that constitutes a violation of this title or of any rule of the board.

(5) The suspension or revocation of a permit under this section does not relieve a licensee from responsibility for any act of the employee or agent while employed upon the retail licensed premises. The board may, as appropriate, revoke or suspend either the permit of the employee who committed the violation or the license of the licensee upon whose premises the violation occurred, or both the permit and the license.

(6)(a) After January 1, 1997, it is a violation of this title for any retail licensee or agent of a retail licensee as described in subsection (2)(a) of this section to employ in the sale or service of alcoholic beverages, any person who does not have a valid alcohol server permit or whose permit has been revoked, suspended, or denied.

(b) It is a violation of this title for a person whose alcohol server permit has been denied, suspended, or revoked to accept employment in the sale or service of alcoholic beverages.

(7) Grocery stores licensed under RCW 66.24.360, the primary commercial activity of which is the sale of grocery products and for which the sale and service of beer and wine for on-premises consumption with food is incidental to the primary business, and employees of such establishments, are exempt from RCW 66.20.300 through 66.20.350.

Sec. 4. RCW 66.24.185 and 1999 c 281 s 4 are each amended to read as follows:

(1) There shall be a license for bonded wine warehouses which shall authorize the storage and handling of bottled wine (~~only~~). Under this license a licensee may maintain a warehouse for the storage of wine off the premises of a winery.

(2) The board shall adopt similar qualifications for a bonded wine warehouse license as required for obtaining a domestic winery license as specified in RCW 66.24.010 and 66.24.170. A licensee must be a sole proprietor, a partnership, a limited liability company, or a corporation. One or more domestic wineries may operate as a partnership, corporation, business co-op, or agricultural co-op for the purposes of obtaining a bonded wine warehouse license.

(3) All bottled wine shipped to a bonded wine warehouse from a winery or another bonded wine warehouse shall remain under bond and no tax imposed under RCW 66.24.210 shall be due, unless the wine is removed from bond and shipped to a licensed Washington wine distributor. Wine may be removed from a bonded wine warehouse only for the purpose of being (a) exported from the state, (b) shipped to a licensed Washington wine distributor, ~~((c))~~ (c) returned to a winery or bonded wine warehouse, or shipped to a consumer pursuant to RCW 66.20.360 through 66.20.390.

(4) Warehousing of wine by any person other than (a) a licensed domestic winery or a bonded wine warehouse licensed under the provisions of this section, (b) a licensed Washington wine distributor, (c) a licensed Washington wine importer, (d) a wine certificate of approval holder (W7), or (e) the liquor control board, is prohibited.

(5) A license applicant shall hold a federal permit for a bonded wine cellar and may be required to post a continuing wine tax bond of such an amount and in such a form as may be required by the board prior to the issuance of a bonded wine warehouse license. The fee for this license shall be one hundred dollars per annum.

(6) The board shall adopt rules requiring a bonded wine warehouse to be physically secure, zoned for the intended use and physically separated from any other use.

(7) Every licensee shall submit to the board a monthly report of movement of bottled wines to and from a bonded wine warehouse in a form prescribed by the board. The board may adopt other necessary procedures by which bonded wine warehouses are licensed and regulated.

(8) Handling of bottled wine, as provided for in this section, includes packaging and repackaging services; bottle labeling services; creating baskets or variety packs that may or may not include nonwine products; and picking, packing, and shipping wine orders direct to consumer. A winery contracting with a bonded wine warehouse for handling bottled wine must comply with all applicable state and federal laws and shall be responsible for financial transactions in direct to consumer shipping activities.

Sec. 5. RCW 66.24.170 and 2007 c 16 s 2 are each amended to read as follows:

(1) There shall be a license for domestic wineries; fee to be computed only on the liters manufactured: Less than two hundred fifty thousand liters per year, one hundred dollars per year; and two hundred fifty thousand liters or more per year, four hundred dollars per year.

(2) The license allows for the manufacture of wine in Washington state from grapes or other agricultural products.

(3) Any domestic winery licensed under this section may also act as a retailer of wine of its own production. Any domestic winery licensed under this

section may act as a distributor of its own production. Notwithstanding any language in this title to the contrary, a domestic winery may use a common carrier to deliver up to one hundred cases of its own production, in the aggregate, per month to licensed Washington retailers. A domestic winery may not arrange for any such common carrier shipments to licensed retailers of wine not of its own production. Except as provided in this section, any winery operating as a distributor and/or retailer under this subsection shall comply with the applicable laws and rules relating to distributors and/or retailers.

(4) A domestic winery licensed under this section, at locations separate from any of its production or manufacturing sites, may serve samples of its own products, with or without charge, and sell wine of its own production at retail (~~for off-premise consumption~~), provided that: (a) Each additional location has been approved by the board under RCW 66.24.010; (b) the total number of additional locations does not exceed two; ~~(and)~~ (c) a winery may not act as a distributor at any such additional location; and (d) any person selling or serving wine at an additional location for on-premise consumption must obtain a class 12 or class 13 alcohol server permit. Each additional location is deemed to be part of the winery license for the purpose of this title. At additional locations operated by multiple wineries under this section, if the board cannot connect a violation of RCW 66.44.200 or 66.44.270 to a single licensee, the board may hold all licensees operating the additional location jointly liable. Nothing in this subsection shall be construed to prevent a domestic winery from holding multiple domestic winery licenses.

(5)(a) A domestic winery licensed under this section may apply to the board for an endorsement to sell wine of its own production at retail for off-premises consumption at a qualifying farmers market. The annual fee for this endorsement is seventy-five dollars. An endorsement issued pursuant to this subsection does not count toward the two additional retail locations limit specified in this section.

(b) For each month during which a domestic winery will sell wine at a qualifying farmers market, the winery must provide the board or its designee a list of the dates, times, and locations at which bottled wine may be offered for sale. This list must be received by the board before the winery may offer wine for sale at a qualifying farmers market.

(c) The wine sold at qualifying farmers markets must be made entirely from grapes grown in a recognized Washington appellation or from other agricultural products grown in this state.

(d) Each approved location in a qualifying farmers market is deemed to be part of the winery license for the purpose of this title. The approved locations under an endorsement granted under this subsection do not include the tasting or sampling privilege of a winery. The winery may not store wine at a farmers market beyond the hours that the winery offers bottled wine for sale. The winery may not act as a distributor from a farmers market location.

(e) Before a winery may sell bottled wine at a qualifying farmers market, the farmers market must apply to the board for authorization for any winery with an endorsement approved under this subsection to sell bottled wine at retail at the farmers market. This application shall include, at a minimum: (i) A map of the farmers market showing all booths, stalls, or other designated locations at which an approved winery may sell bottled wine; and (ii) the name and contact

information for the on-site market managers who may be contacted by the board or its designee to verify the locations at which bottled wine may be sold. Before authorizing a qualifying farmers market to allow an approved winery to sell bottled wine at retail at its farmers market location, the board shall notify the persons or entities of such application for authorization pursuant to RCW 66.24.010 (8) and (9). An authorization granted under this subsection (5)(e) may be withdrawn by the board for any violation of this title or any rules adopted under this title.

(f) The board may adopt rules establishing the application and approval process under this section and such additional rules as may be necessary to implement this section.

(g) For the purposes of this subsection:

(i) "Qualifying farmers market" means an entity that sponsors a regular assembly of vendors at a defined location for the purpose of promoting the sale of agricultural products grown or produced in this state directly to the consumer under conditions that meet the following minimum requirements:

(A) There are at least five participating vendors who are farmers selling their own agricultural products;

(B) The total combined gross annual sales of vendors who are farmers exceeds the total combined gross annual sales of vendors who are processors or resellers;

(C) The total combined gross annual sales of vendors who are farmers, processors, or resellers exceeds the total combined gross annual sales of vendors who are not farmers, processors, or resellers;

(D) The sale of imported items and secondhand items by any vendor is prohibited; and

(E) No vendor is a franchisee.

(ii) "Farmer" means a natural person who sells, with or without processing, agricultural products that he or she raises on land he or she owns or leases in this state or in another state's county that borders this state.

(iii) "Processor" means a natural person who sells processed food that he or she has personally prepared on land he or she owns or leases in this state or in another state's county that borders this state.

(iv) "Reseller" means a natural person who buys agricultural products from a farmer and resells the products directly to the consumer.

(6) Wine produced in Washington state by a domestic winery licensee may be shipped out-of-state for the purpose of making it into sparkling wine and then returned to such licensee for resale. Such wine shall be deemed wine manufactured in the state of Washington for the purposes of RCW 66.24.206, and shall not require a special license.

Sec. 6. RCW 66.24.240 and 2007 c 370 s 6 are each amended to read as follows:

(1) There shall be a license for domestic breweries; fee to be two thousand dollars for production of sixty thousand barrels or more of malt liquor per year.

(2) Any domestic brewery, except for a brand owner of malt beverages under RCW 66.04.010(6), licensed under this section may also act as a retailer for beer of its own production. Any domestic brewery licensed under this section may act as a distributor for beer of its own production. Any domestic brewery operating as a distributor and/or retailer under this subsection shall

comply with the applicable laws and rules relating to distributors and/or retailers. A domestic brewery holding a spirits, beer, and wine restaurant license may sell beer of its own production for off-premises consumption from its restaurant premises in kegs or in a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled at the tap by the licensee at the time of sale.

(3) A domestic brewery may hold ~~((a))~~ up to two retail licenses ~~((under this chapter))~~ to operate an on or off-premise tavern, beer and/or wine restaurant, or spirits, beer, and wine restaurant. This retail license is separate from the brewery license. A brewery that holds a tavern license, spirits, beer, and wine restaurant license, or a beer and/or wine restaurant license shall hold the same privileges and endorsements as permitted under RCW 66.24.320, 66.24.330, and 66.24.420.

~~(4) ((If the brewery licensee holds a separate license for a spirits, beer, and wine restaurant or a beer and/or wine restaurant operated on the brewery premises, the licensee may hold a second retail license for a spirits, beer, and wine restaurant or a beer and/or wine restaurant at a location separate from the brewery premises.~~

~~(5))~~ Any domestic brewery licensed under this section may contract-produce beer for a brand owner of malt beverages defined under RCW 66.04.010(6), and this contract-production is not a sale for the purposes of RCW 66.28.170 and 66.28.180.

~~((6))~~ (5)(a) A domestic brewery licensed under this section and qualified for a reduced rate of taxation pursuant to RCW 66.24.290(3)(b) may apply to the board for an endorsement to sell bottled beer of its own production at retail for off-premises consumption at a qualifying farmers market. The annual fee for this endorsement is seventy-five dollars.

(b) For each month during which a domestic brewery will sell beer at a qualifying farmers market, the domestic brewery must provide the board or its designee a list of the dates, times, and locations at which bottled beer may be offered for sale. This list must be received by the board before the domestic brewery may offer beer for sale at a qualifying farmers market.

(c) The beer sold at qualifying farmers markets must be produced in Washington.

(d) Each approved location in a qualifying farmers market is deemed to be part of the domestic brewery license for the purpose of this title. The approved locations under an endorsement granted under this subsection do not include the tasting or sampling privilege of a domestic brewery. The domestic brewery may not store beer at a farmers market beyond the hours that the domestic brewery offers bottled beer for sale. The domestic brewery may not act as a distributor from a farmers market location.

(e) Before a domestic brewery may sell bottled beer at a qualifying farmers market, the farmers market must apply to the board for authorization for any domestic brewery with an endorsement approved under this subsection to sell bottled beer at retail at the farmers market. This application shall include, at a minimum: (i) A map of the farmers market showing all booths, stalls, or other designated locations at which an approved domestic brewery may sell bottled beer; and (ii) the name and contact information for the on-site market managers who may be contacted by the board or its designee to verify the locations at

which bottled beer may be sold. Before authorizing a qualifying farmers market to allow an approved domestic brewery to sell bottled beer at retail at its farmers market location, the board shall notify the persons or entities of such application for authorization pursuant to RCW 66.24.010 (8) and (9). An authorization granted under this subsection ~~((6))~~ (5)(e) may be withdrawn by the board for any violation of this title or any rules adopted under this title.

(f) The board may adopt rules establishing the application and approval process under this section and such additional rules as may be necessary to implement this section.

(g) For the purposes of this subsection:

(i) "Qualifying farmers market" means an entity that sponsors a regular assembly of vendors at a defined location for the purpose of promoting the sale of agricultural products grown or produced in this state directly to the consumer under conditions that meet the following minimum requirements:

(A) There are at least five participating vendors who are farmers selling their own agricultural products;

(B) The total combined gross annual sales of vendors who are farmers exceeds the total combined gross annual sales of vendors who are processors or resellers;

(C) The total combined gross annual sales of vendors who are farmers, processors, or resellers exceeds the total combined gross annual sales of vendors who are not farmers, processors, or resellers;

(D) The sale of imported items and secondhand items by any vendor is prohibited; and

(E) No vendor is a franchisee.

(ii) "Farmer" means a natural person who sells, with or without processing, agricultural products that he or she raises on land he or she owns or leases in this state or in another state's county that borders this state.

(iii) "Processor" means a natural person who sells processed food that he or she has personally prepared on land he or she owns or leases in this state or in another state's county that borders this state.

(iv) "Reseller" means a natural person who buys agricultural products from a farmer and resells the products directly to the consumer.

Sec. 7. RCW 66.24.240 and 2007 c 370 s 7 are each amended to read as follows:

(1) There shall be a license for domestic breweries; fee to be two thousand dollars for production of sixty thousand barrels or more of malt liquor per year.

(2) Any domestic brewery, except for a brand owner of malt beverages under RCW 66.04.010(6), licensed under this section may also act as a distributor and/or retailer for beer of its own production. Any domestic brewery operating as a distributor and/or retailer under this subsection shall comply with the applicable laws and rules relating to distributors and/or retailers. A domestic brewery holding a spirits, beer, and wine restaurant license may sell beer of its own production for off-premises consumption from its restaurant premises in kegs or in a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled at the tap by the licensee at the time of sale.

(3) A domestic brewery may hold ~~((a))~~ up to two retail licenses ~~((under this chapter))~~ to operate an on or off-premise tavern, beer and/or wine restaurant, or spirits, beer, and wine restaurant. This retail license is separate from the brewery

license. A brewery that holds a tavern license, a spirits, beer, and wine restaurant license, or a beer and/or wine restaurant license shall hold the same privileges and endorsements as permitted under RCW 66.24.320, 66.24.330, and 66.24.420.

~~(4) (If the brewery licensee holds a separate license for a spirits, beer, and wine restaurant or a beer and/or wine restaurant operated on the brewery premises, the licensee may hold a second retail license for a spirits, beer, and wine restaurant or a beer and/or wine restaurant at a location separate from the brewery premises.~~

~~(5))~~ Any domestic brewery licensed under this section may contract-produce beer for a brand owner of malt beverages defined under RCW 66.04.010(6), and this contract-production is not a sale for the purposes of RCW 66.28.170 and 66.28.180.

~~((6))~~ ~~(5)~~(a) A domestic brewery licensed under this section and qualified for a reduced rate of taxation pursuant to RCW 66.24.290(3)(b) may apply to the board for an endorsement to sell bottled beer of its own production at retail for off-premises consumption at a qualifying farmers market. The annual fee for this endorsement is seventy-five dollars.

(b) For each month during which a domestic brewery will sell beer at a qualifying farmers market, the domestic brewery must provide the board or its designee a list of the dates, times, and locations at which bottled beer may be offered for sale. This list must be received by the board before the domestic brewery may offer beer for sale at a qualifying farmers market.

(c) The beer sold at qualifying farmers markets must be produced in Washington.

(d) Each approved location in a qualifying farmers market is deemed to be part of the domestic brewery license for the purpose of this title. The approved locations under an endorsement granted under this subsection do not include the tasting or sampling privilege of a domestic brewery. The domestic brewery may not store beer at a farmers market beyond the hours that the domestic brewery offers bottled beer for sale. The domestic brewery may not act as a distributor from a farmers market location.

(e) Before a domestic brewery may sell bottled beer at a qualifying farmers market, the farmers market must apply to the board for authorization for any domestic brewery with an endorsement approved under this subsection to sell bottled beer at retail at the farmers market. This application shall include, at a minimum: (i) A map of the farmers market showing all booths, stalls, or other designated locations at which an approved domestic brewery may sell bottled beer; and (ii) the name and contact information for the on-site market managers who may be contacted by the board or its designee to verify the locations at which bottled beer may be sold. Before authorizing a qualifying farmers market to allow an approved domestic brewery to sell bottled beer at retail at its farmers market location, the board shall notify the persons or entities of such application for authorization pursuant to RCW 66.24.010 (8) and (9). An authorization granted under this subsection ~~((6))~~ ~~(5)~~(e) may be withdrawn by the board for any violation of this title or any rules adopted under this title.

(f) The board may adopt rules establishing the application and approval process under this section and such additional rules as may be necessary to implement this section.

(g) For the purposes of this subsection:

(i) "Qualifying farmers market" means an entity that sponsors a regular assembly of vendors at a defined location for the purpose of promoting the sale of agricultural products grown or produced in this state directly to the consumer under conditions that meet the following minimum requirements:

(A) There are at least five participating vendors who are farmers selling their own agricultural products;

(B) The total combined gross annual sales of vendors who are farmers exceeds the total combined gross annual sales of vendors who are processors or resellers;

(C) The total combined gross annual sales of vendors who are farmers, processors, or resellers exceeds the total combined gross annual sales of vendors who are not farmers, processors, or resellers;

(D) The sale of imported items and secondhand items by any vendor is prohibited; and

(E) No vendor is a franchisee.

(ii) "Farmer" means a natural person who sells, with or without processing, agricultural products that he or she raises on land he or she owns or leases in this state or in another state's county that borders this state.

(iii) "Processor" means a natural person who sells processed food that he or she has personally prepared on land he or she owns or leases in this state or in another state's county that borders this state.

(iv) "Reseller" means a natural person who buys agricultural products from a farmer and resells the products directly to the consumer.

Sec. 8. RCW 66.24.244 and 2007 c 370 s 4 and 2007 c 222 s 1 are each reenacted and amended to read as follows:

(1) There shall be a license for microbreweries; fee to be one hundred dollars for production of less than sixty thousand barrels of malt liquor, including strong beer, per year.

(2) Any microbrewery licensed under this section may also act as a distributor and/or retailer for beer and strong beer of its own production. Any microbrewery licensed under this section may act as a distributor for beer of its own production. Strong beer may not be sold at a farmers market or under any endorsement which may authorize microbreweries to sell beer at farmers markets. Any microbrewery operating as a distributor and/or retailer under this subsection shall comply with the applicable laws and rules relating to distributors and/or retailers. A microbrewery holding a spirits, beer, and wine restaurant license may sell beer of its own production for off-premises consumption from its restaurant premises in kegs or in a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled at the tap by the licensee at the time of sale.

(3) The board may issue ((*) up to two retail licenses allowing a microbrewery to operate ((*) an on or off-premise tavern, beer and/or wine restaurant, or spirits, beer, and wine restaurant ((~~under RCW 66.24.420~~)).

(4) ((~~The board may issue a license to a microbrewery allowing for on-premises consumption of beer, including strong beer, wine, or both of other manufacture if purchased from a Washington state licensed distributor. The microbrewer must determine, at the time the license is issued, whether the licensed premises will be operated as a tavern with persons under twenty-one~~

years of age not allowed as provided for in RCW 66.24.330, or as a beer and/or wine restaurant as described in RCW 66.24.320.

~~(5))~~ A microbrewery that holds a tavern license, spirits, beer, and wine restaurant license, or a beer and/or wine restaurant license shall hold the same privileges and endorsements as permitted under RCW 66.24.320, 66.24.330, and 66.24.420.

~~((6) If the microbrewery licensee holds a separate license for a spirits, beer, and wine restaurant or a beer and/or wine restaurant, operated on the brewery premises, the licensee may hold a second retail license for a spirits, beer, and wine restaurant or a beer and/or wine restaurant, at a location separate from the licensed brewery premises.~~

~~(7))~~ (5)(a) A microbrewery licensed under this section may apply to the board for an endorsement to sell bottled beer of its own production at retail for off-premises consumption at a qualifying farmers market. The annual fee for this endorsement is seventy-five dollars.

(b) For each month during which a microbrewery will sell beer at a qualifying farmers market, the microbrewery must provide the board or its designee a list of the dates, times, and locations at which bottled beer may be offered for sale. This list must be received by the board before the microbrewery may offer beer for sale at a qualifying farmers market.

(c) The beer sold at qualifying farmers markets must be produced in Washington.

(d) Each approved location in a qualifying farmers market is deemed to be part of the microbrewery license for the purpose of this title. The approved locations under an endorsement granted under this subsection ~~((7))~~ (5) do not constitute the tasting or sampling privilege of a microbrewery. The microbrewery may not store beer at a farmers market beyond the hours that the microbrewery offers bottled beer for sale. The microbrewery may not act as a distributor from a farmers market location.

(e) Before a microbrewery may sell bottled beer at a qualifying farmers market, the farmers market must apply to the board for authorization for any microbrewery with an endorsement approved under this subsection ~~((7))~~ (5) to sell bottled beer at retail at the farmers market. This application shall include, at a minimum: (i) A map of the farmers market showing all booths, stalls, or other designated locations at which an approved microbrewery may sell bottled beer; and (ii) the name and contact information for the on-site market managers who may be contacted by the board or its designee to verify the locations at which bottled beer may be sold. Before authorizing a qualifying farmers market to allow an approved microbrewery to sell bottled beer at retail at its farmers market location, the board shall notify the persons or entities of the application for authorization pursuant to RCW 66.24.010 (8) and (9). An authorization granted under this subsection ~~((7))~~ (5)(e) may be withdrawn by the board for any violation of this title or any rules adopted under this title.

(f) The board may adopt rules establishing the application and approval process under this section and any additional rules necessary to implement this section.

(g) For the purposes of this subsection ~~((7))~~ (5):

(i) "Qualifying farmers market" means an entity that sponsors a regular assembly of vendors at a defined location for the purpose of promoting the sale

of agricultural products grown or produced in this state directly to the consumer under conditions that meet the following minimum requirements:

(A) There are at least five participating vendors who are farmers selling their own agricultural products;

(B) The total combined gross annual sales of vendors who are farmers exceeds the total combined gross annual sales of vendors who are processors or resellers;

(C) The total combined gross annual sales of vendors who are farmers, processors, or resellers exceeds the total combined gross annual sales of vendors who are not farmers, processors, or resellers;

(D) The sale of imported items and secondhand items by any vendor is prohibited; and

(E) No vendor is a franchisee.

(ii) "Farmer" means a natural person who sells, with or without processing, agricultural products that he or she raises on land he or she owns or leases in this state or in another state's county that borders this state.

(iii) "Processor" means a natural person who sells processed food that he or she has personally prepared on land he or she owns or leases in this state or in another state's county that borders this state.

(iv) "Reseller" means a natural person who buys agricultural products from a farmer and resells the products directly to the consumer.

(6) Any microbrewery licensed under this section may contract-produce beer for another microbrewer. This contract-production is not a sale for the purposes of RCW 66.28.170 and 66.28.180.

Sec. 9. RCW 66.24.244 and 2007 c 370 s 5 and 2007 c 222 s 2 are each reenacted and amended to read as follows:

(1) There shall be a license for microbreweries; fee to be one hundred dollars for production of less than sixty thousand barrels of malt liquor, including strong beer, per year.

(2) Any microbrewery licensed under this section may also act as a distributor and/or retailer for beer and strong beer of its own production. Strong beer may not be sold at a farmers market or under any endorsement which may authorize microbreweries to sell beer at farmers markets. Any microbrewery operating as a distributor and/or retailer under this subsection shall comply with the applicable laws and rules relating to distributors and/or retailers. A microbrewery holding a spirits, beer, and wine restaurant license may sell beer of its own production for off-premises consumption from its restaurant premises in kegs or in a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled at the tap by the licensee at the time of sale.

(3) The board may issue ~~((a))~~ up to two retail licenses allowing a microbrewery to operate ~~((a))~~ an on or off-premise tavern, beer and/or wine restaurant, or spirits, beer, and wine restaurant ((under RCW 66.24.420)).

(4) ~~((The board may issue a license to a microbrewery allowing for on-premises consumption of beer, including strong beer, wine, or both of other manufacture if purchased from a Washington state-licensed distributor. The microbrewer must determine, at the time the license is issued, whether the licensed premises will be operated as a tavern with persons under twenty one years of age not allowed as provided for in RCW 66.24.330, or as a beer and/or wine restaurant as described in RCW 66.24.320.~~

~~(5))~~) A microbrewery that holds a tavern license, spirits, beer, and wine restaurant license, or a beer and/or wine restaurant license shall hold the same privileges and endorsements as permitted under RCW 66.24.320, 66.24.330, and 66.24.420.

~~((6) If the microbrewery licensee holds a separate license for a spirits, beer, and wine restaurant or a beer and/or wine restaurant, operated on the brewery premises, the licensee may hold a second retail license for a spirits, beer, and wine restaurant or a beer and/or wine restaurant, at a location separate from the licensed brewery premises.~~

~~(7))~~ (5)(a) A microbrewery licensed under this section may apply to the board for an endorsement to sell bottled beer of its own production at retail for off-premises consumption at a qualifying farmers market. The annual fee for this endorsement is seventy-five dollars.

(b) For each month during which a microbrewery will sell beer at a qualifying farmers market, the microbrewery must provide the board or its designee a list of the dates, times, and locations at which bottled beer may be offered for sale. This list must be received by the board before the microbrewery may offer beer for sale at a qualifying farmers market.

(c) The beer sold at qualifying farmers markets must be produced in Washington.

(d) Each approved location in a qualifying farmers market is deemed to be part of the microbrewery license for the purpose of this title. The approved locations under an endorsement granted under this subsection ~~((7))~~ (5) do not constitute the tasting or sampling privilege of a microbrewery. The microbrewery may not store beer at a farmers market beyond the hours that the microbrewery offers bottled beer for sale. The microbrewery may not act as a distributor from a farmers market location.

(e) Before a microbrewery may sell bottled beer at a qualifying farmers market, the farmers market must apply to the board for authorization for any microbrewery with an endorsement approved under this subsection ~~((7))~~ (5) to sell bottled beer at retail at the farmers market. This application shall include, at a minimum: (i) A map of the farmers market showing all booths, stalls, or other designated locations at which an approved microbrewery may sell bottled beer; and (ii) the name and contact information for the on-site market managers who may be contacted by the board or its designee to verify the locations at which bottled beer may be sold. Before authorizing a qualifying farmers market to allow an approved microbrewery to sell bottled beer at retail at its farmers market location, the board shall notify the persons or entities of the application for authorization pursuant to RCW 66.24.010 (8) and (9). An authorization granted under this subsection ~~((7))~~ (5)(e) may be withdrawn by the board for any violation of this title or any rules adopted under this title.

(f) The board may adopt rules establishing the application and approval process under this section and any additional rules necessary to implement this section.

(g) For the purposes of this subsection ~~((7))~~ (5):

(i) "Qualifying farmers market" means an entity that sponsors a regular assembly of vendors at a defined location for the purpose of promoting the sale of agricultural products grown or produced in this state directly to the consumer under conditions that meet the following minimum requirements:

(A) There are at least five participating vendors who are farmers selling their own agricultural products;

(B) The total combined gross annual sales of vendors who are farmers exceeds the total combined gross annual sales of vendors who are processors or resellers;

(C) The total combined gross annual sales of vendors who are farmers, processors, or resellers exceeds the total combined gross annual sales of vendors who are not farmers, processors, or resellers;

(D) The sale of imported items and secondhand items by any vendor is prohibited; and

(E) No vendor is a franchisee.

(ii) "Farmer" means a natural person who sells, with or without processing, agricultural products that he or she raises on land he or she owns or leases in this state or in another state's county that borders this state.

(iii) "Processor" means a natural person who sells processed food that he or she has personally prepared on land he or she owns or leases in this state or in another state's county that borders this state.

(iv) "Reseller" means a natural person who buys agricultural products from a farmer and resells the products directly to the consumer.

(6) Any microbrewery licensed under this section may contract-produce beer for another microbrewer. This contract-production is not a sale for the purposes of RCW 66.28.170 and 66.28.180.

Sec. 10. RCW 66.24.400 and 2007 c 370 s 13 and 2007 c 53 s 1 are each reenacted and amended to read as follows:

(1) There shall be a retailer's license, to be known and designated as a spirits, beer, and wine restaurant license, to sell spirituous liquor by the individual glass, beer, and wine, at retail, for consumption on the premises, including mixed drinks and cocktails compounded or mixed on the premises only. A club licensed under chapter 70.62 RCW with overnight sleeping accommodations, that is licensed under this section may sell liquor by the bottle to registered guests of the club for consumption in guest rooms, hospitality rooms, or at banquets in the club. A patron of a bona fide restaurant or club licensed under this section may remove from the premises recorked or recapped in its original container any portion of wine which was purchased for consumption with a meal, and registered guests who have purchased liquor from the club by the bottle may remove from the premises any unused portion of such liquor in its original container. Such license may be issued only to bona fide restaurants and clubs, and to dining, club and buffet cars on passenger trains, and to dining places on passenger boats and airplanes, and to dining places at civic centers with facilities for sports, entertainment, and conventions, and to such other establishments operated and maintained primarily for the benefit of tourists, vacationers and travelers as the board shall determine are qualified to have, and in the discretion of the board should have, a spirits, beer, and wine restaurant license under the provisions and limitations of this title.

(2) The board may issue an endorsement to the spirits, beer, and wine restaurant license that allows the holder of a spirits, beer, and wine restaurant license to sell bottled wine for off-premises consumption (~~wine vinted and bottled in the state of Washington and carrying a label exclusive to the license holder selling the wine~~). Spirits and beer may not be sold for off-premises

consumption under this section except as provided in subsection (4) of this section. The annual fee for the endorsement under this subsection is one hundred twenty dollars.

(3) The holder of a spirits, beer, and wine license or its manager may furnish beer, wine, or spirituous liquor to the licensee's employees free of charge as may be required for use in connection with instruction on beer, wine, or spirituous liquor. The instruction may include the history, nature, values, and characteristics of beer, wine, or spirituous liquor, the use of wine lists, and the methods of presenting, serving, storing, and handling beer, wine, and spirituous liquor. The spirits, beer, and wine restaurant licensee must use the beer, wine, or spirituous liquor it obtains under its license for the sampling as part of the instruction. The instruction must be given on the premises of the spirits, beer, and wine restaurant licensee.

(4) The board may issue an endorsement to the spirits, beer, and wine restaurant license that allows the holder of a spirits, beer, and wine restaurant license to sell for off-premises consumption malt liquor in kegs or other containers that are capable of holding four gallons or more of liquid and are registered in accordance with RCW 66.28.200. The annual fee for the endorsement under this subsection is one hundred twenty dollars.

Sec. 11. RCW 66.24.590 and 2007 c 370 s 11 are each amended to read as follows:

(1) There shall be a retailer's license to be designated as a hotel license. No license may be issued to a hotel offering rooms to its guests on an hourly basis. Food service provided for room service, banquets or conferences, or restaurant operation under this license shall meet the requirements of rules adopted by the board.

(2) The hotel license authorizes the licensee to:

(a) Sell spiritous liquor, beer, and wine, by the individual glass, at retail, for consumption on the premises, including mixed drinks and cocktails compounded and mixed on the premises (~~(=at dining places in the hotel)~~);

(b) Sell, at retail, from locked honor bars, in individual units, spirits not to exceed fifty milliliters, beer in individual units not to exceed twelve ounces, and wine in individual bottles not to exceed three hundred eighty-five milliliters, to registered guests of the hotel for consumption in guest rooms. The licensee shall require proof of age from the guest renting a guest room and requesting the use of an honor bar. The guest shall also execute an affidavit verifying that no one under twenty-one years of age shall have access to the spirits, beer, and wine in the honor bar;

(c) Provide without additional charge, to overnight guests, spirits, beer, and wine by the individual serving for on-premises consumption at a specified regular date, time, and place as may be fixed by the board. Self-service by attendees is prohibited;

(d) Sell beer, including strong beer, wine, or spirits, in the manufacturer's sealed container or by the individual drink to guests through room service, or through service to occupants of private residential units which are part of the buildings or complex of buildings that include the hotel;

(e) Sell beer, including strong beer, or wine, in the manufacturer's sealed container at retail sales locations within the hotel premises;

(f) Sell for on or off-premises consumption, including through room service and service to occupants of private residential units managed by the hotel, wine carrying a label exclusive to the hotel license holder;

(g) Place in guest rooms at check-in, a complimentary bottle of beer, including strong beer, or wine in a manufacturer-sealed container, and make a reference to this service in promotional material.

(3) If all or any facilities for alcoholic beverage service and the preparation, cooking, and serving of food are operated under contract or joint venture agreement, the operator may hold a license separate from the license held by the operator of the hotel. Food and beverage inventory used in separate licensed operations at the hotel may not be shared and shall be separately owned and stored by the separate licensees.

(4) All spirits to be sold under this license must be purchased from the board.

(5) All on-premise alcoholic beverage service must be done by an alcohol server as defined in RCW 66.20.300 and must comply with RCW 66.20.310.

(6)(a) The hotel license allows the licensee to remove from the liquor stocks at the licensed premises, liquor for sale and service at event locations at a specified date and place not currently licensed by the board. If the event is open to the public, it must be sponsored by a society or organization as defined by RCW 66.24.375. If attendance at the event is limited to members or invited guests of the sponsoring individual, society, or organization, the requirement that the sponsor must be a society or organization as defined by RCW 66.24.375 is waived.

(b) The holder of this license shall, if requested by the board, notify the board or its designee of the date, time, place, and location of any event. Upon request, the licensee shall provide to the board all necessary or requested information concerning the society or organization that will be holding the function at which the endorsed license will be utilized.

(c) Licensees may cater events on a domestic winery premises.

(7) The holder of this license or its manager may furnish spirits, beer, or wine to the licensee's employees who are twenty-one years of age or older free of charge as may be required for use in connection with instruction on spirits, beer, and wine. The instruction may include the history, nature, values, and characteristics of spirits, beer, or wine, the use of wine lists, and the methods of presenting, serving, storing, and handling spirits, beer, or wine. The licensee must use the beer or wine it obtains under its license for the sampling as part of the instruction. The instruction must be given on the premises of the licensee.

(8) Minors may be allowed in all areas of the hotel where alcohol may be consumed; however, the consumption must be incidental to the primary use of the area. These areas include, but are not limited to, tennis courts, hotel lobbies, and swimming pool areas. If an area is not a mixed use area, and is primarily used for alcohol service, the area must be designated and restricted to access by minors.

(9) The annual fee for this license is two thousand dollars.

(10) As used in this section, "hotel," "spirits," "beer," and "wine" have the meanings defined in RCW 66.24.410 and 66.04.010.

Sec. 12. RCW 66.28.040 and 2004 c 160 s 11 are each amended to read as follows:

Except as permitted by the board under RCW 66.20.010, no domestic brewery, microbrewery, distributor, distiller, domestic winery, importer, rectifier, certificate of approval holder, or other manufacturer of liquor shall, within the state of Washington, give to any person any liquor; but nothing in this section nor in RCW 66.28.010 shall prevent a domestic brewery, microbrewery, distributor, domestic winery, distiller, certificate of approval holder, or importer from furnishing samples of beer, wine, or spirituous liquor to authorized licensees for the purpose of negotiating a sale, in accordance with regulations adopted by the liquor control board, provided that the samples are subject to taxes imposed by RCW 66.24.290 and 66.24.210, and in the case of spirituous liquor, any product used for samples must be purchased at retail from the board; nothing in this section shall prevent the furnishing of samples of liquor to the board for the purpose of negotiating the sale of liquor to the state liquor control board; nothing in this section shall prevent a domestic brewery, microbrewery, domestic winery, distillery, certificate of approval holder, or distributor from furnishing beer, wine, or spirituous liquor for instructional purposes under RCW 66.28.150; nothing in this section shall prevent a domestic winery, certificate of approval holder, or distributor from furnishing wine without charge, subject to the taxes imposed by RCW 66.24.210, to a not-for-profit group organized and operated solely for the purpose of enology or the study of viticulture which has been in existence for at least six months and that uses wine so furnished solely for such educational purposes or a domestic winery, or an out-of-state certificate of approval holder, from furnishing wine without charge or a domestic brewery, or an out-of-state certificate of approval holder, from furnishing beer without charge, subject to the taxes imposed by RCW 66.24.210 or 66.24.290, to a nonprofit charitable corporation or association exempt from taxation under section 501(c)(3) or (6) of the internal revenue code of 1986 (26 U.S.C. Sec. 501(c)(3) or (6)) for use consistent with the purpose or purposes entitling it to such exemption; nothing in this section shall prevent a domestic brewery or microbrewery from serving beer without charge, on the brewery premises; nothing in this section shall prevent donations of wine for the purposes of RCW 66.12.180; and nothing in this section shall prevent a domestic winery from serving wine without charge, on the winery premises.

NEW SECTION. Sec. 13. Section 2 of this act expires July 1, 2008.

NEW SECTION. Sec. 14. Sections 6 and 8 of this act expire June 30, 2008.

NEW SECTION. Sec. 15. Sections 7 and 9 of this act take effect June 30, 2008.

NEW SECTION. Sec. 16. Sections 3, 10, and 11 of this act take effect July 1, 2008.

Passed by the Senate February 18, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 42

[House Bill 1493]

REGIONAL TRANSIT AUTHORITIES—DEVELOPMENT ACTIVITY

AN ACT Relating to clarifying the definition of development activity with regard to regional transit authorities; and amending RCW 82.02.090.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 82.02.090 and 1990 1st ex.s. c 17 s 48 are each amended to read as follows:

Unless the context clearly requires otherwise, the following definitions shall apply in RCW 82.02.050 through 82.02.090:

(1) "Development activity" means any construction or expansion of a building, structure, or use, any change in use of a building or structure, or any changes in the use of land, that creates additional demand and need for public facilities. "Development activity" does not include buildings or structures constructed by a regional transit authority.

(2) "Development approval" means any written authorization from a county, city, or town which authorizes the commencement of development activity.

(3) "Impact fee" means a payment of money imposed upon development as a condition of development approval to pay for public facilities needed to serve new growth and development, and that is reasonably related to the new development that creates additional demand and need for public facilities, that is a proportionate share of the cost of the public facilities, and that is used for facilities that reasonably benefit the new development. "Impact fee" does not include a reasonable permit or application fee.

(4) "Owner" means the owner of record of real property, although when real property is being purchased under a real estate contract, the purchaser shall be considered the owner of the real property if the contract is recorded.

(5) "Proportionate share" means that portion of the cost of public facility improvements that are reasonably related to the service demands and needs of new development.

(6) "Project improvements" mean site improvements and facilities that are planned and designed to provide service for a particular development project and that are necessary for the use and convenience of the occupants or users of the project, and are not system improvements. No improvement or facility included in a capital facilities plan approved by the governing body of the county, city, or town shall be considered a project improvement.

(7) "Public facilities" means the following capital facilities owned or operated by government entities: (a) Public streets and roads; (b) publicly owned parks, open space, and recreation facilities; (c) school facilities; and (d) fire protection facilities in jurisdictions that are not part of a fire district.

(8) "Service area" means a geographic area defined by a county, city, town, or intergovernmental agreement in which a defined set of public facilities provide service to development within the area. Service areas shall be designated on the basis of sound planning or engineering principles.

(9) "System improvements" mean public facilities that are included in the capital facilities plan and are designed to provide service to service areas within the community at large, in contrast to project improvements.

Passed by the House February 12, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 43

[Engrossed Substitute House Bill 1865]

WRITS OF RESTITUTION—LANDLORD OBLIGATIONS

AN ACT Relating to limiting the obligations of landlords under writs of restitution; amending RCW 59.18.312; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 59.18.312 and 1992 c 38 s 8 are each amended to read as follows:

(1) A landlord (~~may~~) shall, upon the execution of a writ of restitution by the sheriff, enter and take possession of any property of the tenant found on the premises (~~and store the property in any reasonably secure place~~). The landlord may store the property in any reasonably secure place, including the premises, and sell or dispose of the property as provided under subsection (3) of this section. The landlord must store the property if the tenant serves a written request to do so on the landlord or the landlord's representative by any of the methods described in RCW 59.18.365 no later than three days after service of the writ. A landlord may elect to store the property without such a request unless the tenant or the tenant's representative objects to the storage of the property. If(, however,) the tenant or the tenant's representative objects to the storage of the property or the landlord elects not to store the property because the tenant has not served a written request on the landlord to do so, the property shall be deposited upon the nearest public property and may not be (~~moved and~~) stored by the landlord. ((If the tenant is not present at the time the writ of restitution is executed, it shall be presumed that the tenant does not object to the storage of the property as provided in this section. RCW 59.18.310 shall apply to the moving and storage of a tenant's property when the premises are abandoned by the tenant.)) If the landlord knows that the tenant is a person with a disability as defined in RCW 49.60.040 (as amended by chapter 317, Laws of 2007) and the disability impairs or prevents the tenant or the tenant's representative from making a written request for storage, it must be presumed that the tenant has requested the storage of the property as provided in this section unless the tenant objects in writing.

(2) Property (~~moved and~~) stored under this section shall be returned to the tenant after the tenant has paid the actual or reasonable drayage and storage costs, whichever is less, or until it is sold or disposed of by the landlord in accordance with subsection (3) of this section.

(3) Prior to the sale (~~or disposal~~) of property stored pursuant to this section with a cumulative value of over (~~fifty~~) one hundred dollars, the landlord shall notify the tenant of the pending sale (~~or disposal~~). After (~~forty-five~~) thirty days from the date the notice of the sale (~~or disposal~~) is mailed or personally delivered to the tenant's last known address, the landlord may sell (~~or dispose of~~) the property, including personal papers, family pictures, and keepsakes, and dispose of any property not sold.

If the property that is being stored has a cumulative value of ~~((fifty))~~ one hundred dollars or less, then the landlord may sell or dispose of the property in the manner provided in this section, except for personal papers, family pictures, and keepsakes. Prior to the sale or disposal of property stored pursuant to this section with a cumulative value of ~~((fifty))~~ one hundred dollars or less, the landlord shall notify the tenant of the pending sale or disposal. The notice shall either be mailed to the tenant's last known address or personally delivered to the tenant. After seven days from the date the notice is mailed or delivered to the tenant, the landlord may sell or dispose of the property.

The landlord may apply any income derived from the sale of the tenant's property against moneys due the landlord for drayage and storage of the property. The amount of sale proceeds that the landlord may apply towards such costs may not exceed the actual or reasonable costs for drayage and storage of the property, whichever is less. Any excess income derived from the sale of such property shall be held by the landlord for the benefit of the tenant for a period of one year from the date of the sale. If no claim is made or action commenced by the tenant for the recovery of the excess income prior to the expiration of that period of time, then the balance shall be treated as abandoned property and deposited by the landlord with the department of revenue pursuant to chapter 63.29 RCW.

(4) Nothing in this section shall be construed as creating a right of distress for rent.

(5) When serving a tenant with a writ of restitution pursuant to RCW 59.12.100 and 59.18.410, the sheriff shall provide written notice to the tenant that: (a) Upon execution of the writ, the landlord ~~((may))~~ must store the tenant's property only if the tenant serves a written request on the landlord to do so no later than three days after service of the writ; (b) the notice to the landlord requesting storage may be served by personally delivering or mailing a copy of the request to the landlord at the address identified in, or by facsimile to the facsimile number listed on, the form described under subsection (6) of this section; (c) if the tenant has not made such a written request to the landlord, the landlord may elect to either store the tenant's property or place the tenant's property on the nearest public property unless the tenant objects; ~~((b))~~ (d) if the property is stored, it may not be returned to the tenant unless the tenant pays the actual or reasonable costs of drayage and storage, whichever is less, within thirty days; ~~((e))~~ (e) if the tenant or the tenant's representative objects to storage of the property, it will not be stored but will be placed on the nearest public property; and ~~((d) if the tenant is not present at the time of the execution of the writ, it shall be presumed the tenant does not object to storage of the property))~~ (f) the landlord may sell or otherwise dispose of the property as provided in subsection (3) of this section if the landlord provides written notice to the tenant first.

(6) When serving a tenant with a writ of restitution under subsection (5) of this section, the sheriff shall also serve the tenant with a form provided by the landlord that can be used to request the landlord to store the tenant's property, which must be substantially in the following form:

REQUEST FOR STORAGE OF PERSONAL PROPERTY

.....
Name of Plaintiff

.....
Name(s) of Tenant(s)

I/we hereby request the landlord to store our personal property. I/we understand that I/we am/are responsible for the actual or reasonable costs of moving and storing the property, whichever is less. If I/we fail to pay these costs, the landlord may sell or dispose of the property pursuant to and within the time frame permitted under RCW 59.18.312(3).

Any notice of sale required under RCW 59.18.312(3) must be sent to the tenants at the following address:

.....
.....

IF NO ADDRESS IS PROVIDED, NOTICE OF SALE WILL BE SENT TO THE LAST KNOWN ADDRESS OF THE TENANT(S)

Dated:

.....
Tenant-Print Name

.....
Tenant-Print Name

This notice may be delivered or mailed to the landlord or the landlord's representative at the following address:

.....
.....

This notice may also be served by facsimile to the landlord or the landlord's representative at:

.....
Facsimile Number

IMPORTANT

IF YOU WANT YOUR LANDLORD TO STORE YOUR PROPERTY, THIS WRITTEN REQUEST MUST BE RECEIVED BY THE LANDLORD NO LATER THAN THREE (3) DAYS AFTER THE SHERIFF SERVES THE WRIT OF RESTITUTION. YOU SHOULD RETAIN PROOF OF SERVICE.

****NEW SECTION. Sec. 2. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.***

*Sec. 2 was vetoed. See message at end of chapter.

Passed by the House February 13, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 17, 2008, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State March 18, 2008.

Note: Governor's explanation of partial veto is as follows:

"I am returning, without my approval as to Section 2, Engrossed Substitute House Bill 1865 entitled:

"AN ACT Relating to limiting the obligations of landlords under writs of restitution."

Section 2 is an emergency clause. An emergency clause is to be used where it is necessary for the immediate preservation of the public peace, health or safety or whenever it is necessary for the support of state government. Engrossed Substitute House Bill 1865 clarifies the rights and obligations of landlords and tenants, while including new rights for tenants. Consequently, I do not believe that an emergency clause is necessary.

For this reason, I have vetoed Section 2 of Engrossed Substitute House Bill 1865.

With the exception of Section 2, Engrossed Substitute House Bill 1865 is approved."

CHAPTER 44

[House Bill 2700]

MILITARY DEPARTMENT ACTIVE STATE SERVICE ACCOUNT

AN ACT Relating to military department claims and accounts; amending RCW 38.24.010; and adding a new section to chapter 38.40 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 38.40 RCW to read as follows:

The military department active state service account is created in the state treasury. Moneys may be placed in the account from legislative appropriations and transfers, federal appropriations, or any other lawful source. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for claims and expenses for the organized militia called into active state service to perform duties under RCW 38.08.040 that are not paid under RCW 38.24.010 from nonappropriated funds, including but not limited to claims and expenses arising from anticipated planning, training, exercises, and other administrative duties that are not of an emergency nature.

Sec. 2. RCW 38.24.010 and 2005 c 9 s 2 are each amended to read as follows:

All bills, claims and demands for military purposes shall be certified or verified and audited in the manner prescribed by regulations promulgated by the governor and shall be paid by the state treasurer from funds available for that purpose. In all cases where the organized militia, or any part of the organized militia, is called into ~~((the))~~ active state service ~~((of the state))~~ to perform duties under RCW 38.08.040, except for anticipated planning, training, exercises, and other administrative duties that are not of an emergent nature, warrants for

allowed pay and expenses for such services or compensation for injuries or death shall be drawn upon the general fund of the state treasury and paid out of any moneys in said fund not otherwise appropriated. All such warrants shall be the obligation of the state and shall bear interest at the legal rate from the date of their presentation for payment. Claims and expenses for organized militia in active state service under RCW 38.08.040 that are not paid under this section may be paid under section 1 of this act.

Passed by the House February 14, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 45

[House Bill 2730]

PORT DISTRICTS—FERRY SERVICE

AN ACT Relating to the provision of ferry service by port districts; and amending RCW 47.01.350, 47.60.645, 47.60.662, and 53.08.295.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 47.01.350 and 2007 c 223 s 2 are each amended to read as follows:

(1) The department of transportation shall establish a ferry grant program subject to availability of amounts appropriated for this specific purpose. The purpose of the grant program is to provide operating or capital grants for ferry systems as provided in chapters 36.54 (~~and~~), 36.57A, and 53.08 RCW to operate passenger-only ferry service.

(2) In providing grants under this section, the department may enter into multiple year contracts with the stipulation that future year allocations are subject to the availability of funding as provided by legislative appropriation.

Sec. 2. RCW 47.60.645 and 2006 c 332 s 1 are each amended to read as follows:

There is hereby established in the transportation fund the passenger ferry account. Money in the account shall be used for operating or capital grants for ferry systems as provided in chapters 36.54 (~~and~~), 36.57A, and 53.08 RCW. Moneys in the account shall be expended with legislative appropriation.

Sec. 3. RCW 47.60.662 and 2007 c 223 s 3 are each amended to read as follows:

The Washington state ferry system shall collaborate with new and potential passenger-only ferry service providers, as described in chapters 36.54 (~~and~~), 36.57A, and 53.08 RCW, for terminal operations at its existing terminal facilities.

Sec. 4. RCW 53.08.295 and 1980 c 110 s 3 are each amended to read as follows:

A port district may acquire, lease, construct, purchase, maintain, and operate passenger carrying vessels on Puget Sound, interstate navigable rivers of the state, and intrastate waters of adjoining states. Service provided shall be under terms, conditions, and rates to be fixed and approved by the port commission.

Operation of such vessels shall be subject to applicable state and federal laws pertaining to such service.

Passed by the House February 13, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 46

[Substitute House Bill 2893]

FOREST PRACTICES BOARD—MEMBERSHIP

AN ACT Relating to the composition of the forest practices board; and amending RCW 76.09.030.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 76.09.030 and 2003 c 39 s 32 are each amended to read as follows:

(1) There is hereby created the forest practices board of the state of Washington as an agency of state government consisting of members as follows:

- (a) The commissioner of public lands or the commissioner's designee;
- (b) The director of the department of community, trade, and economic development or the director's designee;
- (c) The director of the department of agriculture or the director's designee;
- (d) The director of the department of ecology or the director's designee;
- (e) The director of the department of fish and wildlife or the director's designee;

(f) An elected member of a county legislative authority appointed by the governor: PROVIDED, That such member's service on the board shall be conditioned on the member's continued service as an elected county official; ~~((and))~~

(g) One member representing a timber products union, appointed by the governor from a list of three names submitted by a timber labor coalition affiliated with a statewide labor organization that represents a majority of the timber product unions in the state; and

(h) Six members of the general public appointed by the governor, one of whom shall be ~~((an owner of not more than five hundred acres of forest))~~ a small forest landowner who actively manages his or her land, and one of whom shall be an independent logging contractor.

(2) The director of the department of fish and wildlife's service on the board may be terminated two years after August 18, 1999, if the legislature finds that after two years the department has not made substantial progress toward integrating the laws, rules, and programs governing forest practices, chapter 76.09 RCW, and the laws, rules, and programs governing hydraulic projects, chapter 77.55 RCW. Such a finding shall be based solely on whether the department of fish and wildlife makes substantial progress as defined in this subsection, and will not be based on other actions taken as a member of the board. Substantial progress shall include recommendations to the legislature for closer integration of the existing rule-making authorities of the board and the department of fish and wildlife, and closer integration of the forest practices and

hydraulics permitting processes, including exploring the potential for a consolidated permitting process. These recommendations shall be designed to resolve problems currently associated with the existing dual regulatory and permitting processes.

(3) The members of the initial board appointed by the governor shall be appointed so that the term of one member shall expire December 31, 1975, the term of one member shall expire December 31, 1976, the term of one member shall expire December 31, 1977, the terms of two members shall expire December 31, 1978, and the terms of two members shall expire December 31, 1979. Thereafter, each member shall be appointed for a term of four years. Vacancies on the board shall be filled in the same manner as the original appointments. Each member of the board shall continue in office until his or her successor is appointed and qualified. The commissioner of public lands or the commissioner's designee shall be the ~~((chairman))~~ chair of the board.

(4) The board shall meet at such times and places as shall be designated by the ~~((chairman))~~ chair or upon the written request of the majority of the board. The principal office of the board shall be at the state capital.

(5) Members of the board, except public employees and elected officials, shall be compensated in accordance with RCW 43.03.250. Each member shall be entitled to reimbursement for travel expenses incurred in the performance of their duties as provided in RCW 43.03.050 and 43.03.060.

(6) The board may employ such clerical help and staff pursuant to chapter 41.06 RCW as is necessary to carry out its duties.

Passed by the House February 15, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 47

[Engrossed Second Substitute House Bill 3123]

HOSPITALS—NURSE STAFFING

AN ACT Relating to establishing a process to promote evidence-based nurse staffing in hospitals; adding new sections to chapter 70.41 RCW; adding a new section to chapter 72.23 RCW; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

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

(a) Research evidence demonstrates that registered nurses play a critical role in patient safety and quality of care. The ever-worsening shortage of nurses available to provide care in acute care hospitals has necessitated multiple strategies to generate more nurses and improve the recruitment and retention of nurses in hospitals; and

(b) Evidence-based nurse staffing that can help ensure quality and safe patient care while increasing nurse satisfaction in the work environment is key to solving an urgent public health issue in Washington state. Hospitals and nursing organizations recognize a mutual interest in patient safety initiatives that create a healthy environment for nurses and safe care for patients.

(2) In order to protect patients and to support greater retention of registered nurses, and to promote evidence-based nurse staffing, the legislature intends to

establish a mechanism whereby direct care nurses and hospital management shall participate in a joint process regarding decisions about nurse staffing.

NEW SECTION. Sec. 2. A new section is added to chapter 70.41 RCW to read as follows:

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

(1) "Hospital" has the same meaning as defined in RCW 70.41.020, and also includes state hospitals as defined in RCW 72.23.010.

(2) "Intensity" means the level of patient need for nursing care, as determined by the nursing assessment.

(3) "Nursing personnel" means registered nurses, licensed practical nurses, and unlicensed assistive nursing personnel providing direct patient care.

(4) "Nurse staffing committee" means the committee established by a hospital under section 3 of this act.

(5) "Patient care unit" means any unit or area of the hospital that provides patient care by registered nurses.

(6) "Skill mix" means the number and relative percentages of registered nurses, licensed practical nurses, and unlicensed assistive personnel among the total number of nursing personnel.

NEW SECTION. Sec. 3. A new section is added to chapter 70.41 RCW to read as follows:

(1) By September 1, 2008, each hospital shall establish a nurse staffing committee, either by creating a new committee or assigning the functions of a nurse staffing committee to an existing committee. At least one-half of the members of the nurse staffing committee shall be registered nurses currently providing direct patient care and up to one-half of the members shall be determined by the hospital administration. The selection of the registered nurses providing direct patient care shall be according to the collective bargaining agreement if there is one in effect at the hospital. If there is no applicable collective bargaining agreement, the members of the nurse staffing committee who are registered nurses providing direct patient care shall be selected by their peers.

(2) Participation in the nurse staffing committee by a hospital employee shall be on scheduled work time and compensated at the appropriate rate of pay. Nurse staffing committee members shall be relieved of all other work duties during meetings of the committee.

(3) Primary responsibilities of the nurse staffing committee shall include:

(a) Development and oversight of an annual patient care unit and shift-based nurse staffing plan, based on the needs of patients, to be used as the primary component of the staffing budget. Factors to be considered in the development of the plan should include, but are not limited to:

(i) Census, including total numbers of patients on the unit on each shift and activity such as patient discharges, admissions, and transfers;

(ii) Level of intensity of all patients and nature of the care to be delivered on each shift;

(iii) Skill mix;

(iv) Level of experience and specialty certification or training of nursing personnel providing care;

- (v) The need for specialized or intensive equipment;
 - (vi) The architecture and geography of the patient care unit, including but not limited to placement of patient rooms, treatment areas, nursing stations, medication preparation areas, and equipment; and
 - (vii) Staffing guidelines adopted or published by national nursing professional associations, specialty nursing organizations, and other health professional organizations;
- (b) Semiannual review of the staffing plan against patient need and known evidence-based staffing information, including the nursing sensitive quality indicators collected by the hospital;
 - (c) Review, assessment, and response to staffing concerns presented to the committee.
- (4) In addition to the factors listed in subsection (3)(a) of this section, hospital finances and resources may be taken into account in the development of the nurse staffing plan.
- (5) The staffing plan must not diminish other standards contained in state or federal law and rules, or the terms of an applicable collective bargaining agreement, if any, between the hospital and a representative of the nursing staff.
- (6) The committee will produce the hospital's annual nurse staffing plan. If this staffing plan is not adopted by the hospital, the chief executive officer shall provide a written explanation of the reasons why to the committee.
- (7) Each hospital shall post, in a public area on each patient care unit, the nurse staffing plan and the nurse staffing schedule for that shift on that unit, as well as the relevant clinical staffing for that shift. The staffing plan and current staffing levels must also be made available to patients and visitors upon request.
- (8) A hospital may not retaliate against or engage in any form of intimidation of:
- (a) An employee for performing any duties or responsibilities in connection with the nurse staffing committee; or
 - (b) An employee, patient, or other individual who notifies the nurse staffing committee or the hospital administration of his or her concerns on nurse staffing.
- (9) This section is not intended to create unreasonable burdens on critical access hospitals under 42 U.S.C. Sec. 1395i-4. Critical access hospitals may develop flexible approaches to accomplish the requirements of this section that may include but are not limited to having nurse staffing committees work by telephone or electronic mail.

NEW SECTION. Sec. 4. A new section is added to chapter 72.23 RCW to read as follows:

The provisions of sections 2 and 3 of this act apply to hospitals governed by this chapter.

NEW SECTION. Sec. 5. The northwest organization of nurse executives, the service employees international union healthcare, local 1199NW, the united staff nurses union, local 141, united food and commercial workers international union, the Washington state hospital association, and the Washington state nurses association are encouraged to seek the assistance of the Washington State University and University of Washington William D. Ruckelshaus Center to help identify and apply best practices related to patient safety and nurse staffing.

NEW SECTION. Sec. 6. If specific funding for purposes of section 5 of this act, referencing section 5 of this act by section and bill or chapter number, is not provided by June 30, 2008, in the omnibus operating appropriations act, section 5 of this act is null and void.

Passed by the House February 15, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 48

[House Bill 3151]

COUNTY PUBLIC FACILITIES DISTRICTS—SALES AND USE TAX

AN ACT Relating to an extension of the commencement-of-construction date for a sales and use tax for public facilities districts in national disaster area counties; reenacting and amending RCW 82.14.390; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 82.14.390 and 2007 c 486 s 2 and 2007 c 6 s 904 are each reenacted and amended to read as follows:

(1) Except as provided in subsection (7) of this section, the governing body of a public facilities district (a) created before July 31, 2002, under chapter 35.57 or 36.100 RCW that commences construction of a new regional center, or improvement or rehabilitation of an existing new regional center, before January 1, 2004; (b) created before July 1, 2006, under chapter 35.57 RCW in a county or counties in which there are no other public facilities districts on June 7, 2006, and in which the total population in the public facilities district is greater than ninety thousand that commences construction of a new regional center before February 1, 2007; (c) created under the authority of RCW 35.57.010(1)(d); or (d) created before September 1, 2007, under chapter 35.57 or 36.100 RCW, in a county or counties in which there are no other public facilities districts on July 22, 2007, and in which the total population in the public facilities district is greater than seventy thousand, that commences construction of a new regional center before January 1, 2009, or before January 1, 2011, in the case of a new regional center in a county designated by the president as a disaster area in December 2007, may impose a sales and use tax in accordance with the terms of this chapter. The tax is in addition to other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the public facilities district. The rate of tax shall not exceed 0.033 percent of the selling price in the case of a sales tax or value of the article used in the case of a use tax.

(2)(a) The governing body of a public facilities district imposing a sales and use tax under the authority of this section may increase the rate of tax up to 0.037 percent if, within three fiscal years of July 1, 2008, the department determines that, as a result of RCW 82.14.490 and the chapter 6, Laws of 2007 amendments to RCW 82.14.020, a public facilities district's sales and use tax collections for fiscal years after July 1, 2008, have been reduced by a net loss of at least 0.50 percent from the fiscal year before July 1, 2008. The fiscal year in which this section becomes effective is the first fiscal year after July 1, 2008.

(b) The department shall determine sales and use tax collection net losses under this section as provided in RCW 82.14.500 (2) and (3). The department shall provide written notice of its determinations to public facilities districts. Determinations by the department of a public facilities district's sales and use tax collection net losses as a result of RCW 82.14.490 and the chapter 6, Laws of 2007 amendments to RCW 82.14.020 are final and not appealable.

(c) A public facilities district may increase its rate of tax after it has received written notice from the department as provided in (b) of this subsection. The increase in the rate of tax must be made in 0.001 percent increments and must be the least amount necessary to mitigate the net loss in sales and use tax collections as a result of RCW 82.14.490 and the chapter 6, Laws of 2007 amendments to RCW 82.14.020. The increase in the rate of tax is subject to RCW 82.14.055.

(3) The tax imposed under subsection (1) of this section shall be deducted from the amount of tax otherwise required to be collected or paid over to the department of revenue under chapter 82.08 or 82.12 RCW. The department of revenue shall perform the collection of such taxes on behalf of the county at no cost to the public facilities district.

(4) No tax may be collected under this section before August 1, 2000. The tax imposed in this section shall expire when the bonds issued for the construction of the regional center and related parking facilities are retired, but not more than twenty-five years after the tax is first collected.

(5) Moneys collected under this section shall only be used for the purposes set forth in RCW 35.57.020 and must be matched with an amount from other public or private sources equal to thirty-three percent of the amount collected under this section, provided that amounts generated from nonvoter approved taxes authorized under chapter 35.57 RCW or nonvoter approved taxes authorized under chapter 36.100 RCW shall not constitute a public or private source. For the purpose of this section, public or private sources includes, but is not limited to cash or in-kind contributions used in all phases of the development or improvement of the regional center, land that is donated and used for the siting of the regional center, cash or in-kind contributions from public or private foundations, or amounts attributed to private sector partners as part of a public and private partnership agreement negotiated by the public facilities district.

(6) The combined total tax levied under this section shall not be greater than 0.037 percent. If both a public facilities district created under chapter 35.57 RCW and a public facilities district created under chapter 36.100 RCW impose a tax under this section, the tax imposed by a public facilities district created under chapter 35.57 RCW shall be credited against the tax imposed by a public facilities district created under chapter 36.100 RCW.

(7) A public facilities district created under chapter 36.100 RCW is not eligible to impose the tax under this section if the legislative authority of the county where the public facilities district is located has imposed a sales and use tax under RCW 82.14.0485 or 82.14.0494.

NEW SECTION. **Sec. 2.** This act takes effect July 1, 2008.

Passed by the House February 18, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 17, 2008.
Filed in Office of Secretary of State March 18, 2008.

CHAPTER 49

[House Bill 3275]

GROCERY DISTRIBUTION COOPERATIVES—TAXATION

AN ACT Relating to the taxation of grocery distribution cooperatives; and amending RCW 82.04.298.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 82.04.298 and 2001 1st sp.s. c 9 s 1 are each amended to read as follows:

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

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

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

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

(b) "Qualified grocery distribution cooperative" means:

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

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

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

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

Passed by the House February 15, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 50

[House Bill 1391]

MAYORAL VACANCIES

AN ACT Relating to filling vacancies in the office of mayor; and amending RCW 35.23.101, 35.23.191, 35.27.140, and 35A.12.050.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 35.23.101 and 1995 c 134 s 9 are each amended to read as follows:

(1) The council of a second class city may declare a council position vacant if the councilmember is absent for three consecutive regular meetings without permission of the council. ~~((In addition,))~~

(2) A vacancy in an elective office shall occur and shall be filled as provided in chapter 42.12 RCW. An incumbent councilmember is eligible to be appointed to fill a vacancy in the office of mayor.

Vacancies in offices other than that of mayor or city councilmember shall be filled by appointment of the mayor.

(3) If there is a temporary vacancy in an appointive office due to illness, absence from the city or other temporary inability to act, the mayor may appoint a temporary appointee to exercise the duties of the office until the temporary disability of the incumbent is removed.

Sec. 2. RCW 35.23.191 and 1994 c 81 s 41 are each amended to read as follows:

The members of the city council, at their first meeting each calendar year and thereafter whenever a vacancy occurs in the office of mayor pro tempore, shall elect from among their number a mayor pro tempore, who shall hold office at the pleasure of the council and in case of the absence of the mayor, perform the duties of mayor except that he or she shall not have the power to appoint or remove any officer or to veto any ordinance. ~~((If a vacancy occurs in the office of mayor, the city council at their next regular meeting shall elect from among their number a mayor, who shall serve until a mayor is elected and certified at the next municipal election.))~~

The mayor and the mayor pro tempore shall have power to administer oaths and affirmations, take affidavits and certify them. The mayor or the mayor pro tempore when acting as mayor, shall sign all conveyances made by the city and all instruments which require the seal of the city.

Sec. 3. RCW 35.27.140 and 1994 c 223 s 22 are each amended to read as follows:

(1) The council of a town may declare a council position vacant if that councilmember is absent from the town for three consecutive council meetings without the permission of the council. ~~((In addition,))~~

(2) A vacancy in an elective office shall occur and shall be filled as provided in chapter 42.12 RCW. An incumbent councilmember is eligible to be appointed to fill a vacancy in the office of mayor.

(3) A vacancy in any other office shall be filled by appointment by the mayor.

Sec. 4. RCW 35A.12.050 and 1994 c 223 s 32 are each amended to read as follows:

The office of a mayor or councilmember shall become vacant if the person who is elected or appointed to that position fails to qualify as provided by law, fails to enter upon the duties of that office at the time fixed by law without a justifiable reason, or as provided in RCW 35A.12.060 or 42.12.010. A vacancy in the office of mayor or in the council shall be filled as provided in chapter 42.12 RCW. An incumbent councilmember is eligible to be appointed to fill a vacancy in the office of mayor.

Passed by the House January 28, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 51

[Substitute House Bill 3029]

VEHICLE OPERATION—TEMPORARY PERMITS—GENERATION

AN ACT Relating to a secure internet-based system to generate temporary permits to operate vehicles; and amending RCW 46.16.045.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 46.16.045 and 2007 c 155 s 1 are each amended to read as follows:

(1) The department in its discretion may grant a temporary permit to operate a vehicle for which application for registration has been made, where such application is accompanied by the proper fee pending action upon said application by the department.

(2) The department may authorize vehicle dealers properly licensed pursuant to chapter 46.70 RCW to issue temporary permits to operate vehicles under such rules and regulations as the department deems appropriate.

(3) The fee for each temporary permit application distributed to an authorized vehicle dealer shall be fifteen dollars, five dollars of which shall be credited to the payment of registration fees at the time application for registration is made. The remainder shall be deposited to the state patrol highway account.

(4) The payment of the registration fees to an authorized dealer is considered payment to the state of Washington.

(5) By July 1, 2009, the department shall provide access to a secure system that allows temporary permits issued by vehicle dealers properly licensed pursuant to chapter 46.70 RCW to be generated and printed on demand. By July 1, 2011, all such permits must be generated using the designated system.

Passed by the House February 13, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 17, 2008.

Filed in Office of Secretary of State March 18, 2008.

CHAPTER 52

[Engrossed Substitute Senate Bill 5179]

SNOWMOBILES—REGISTRATION

AN ACT Relating to snowmobile registrations; and amending RCW 46.10.020 and 46.10.040.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 46.10.020 and 2005 c 235 s 2 are each amended to read as follows:

(1) Except as provided in this chapter, ~~((no)) a person ((shall own, transport, or)) may not~~ operate any snowmobile within this state unless such snowmobile has been registered in accordance with the provisions of this chapter. ~~((However, a vintage snowmobile only requires registration if operated within this state.))~~

(2) A registration number shall be assigned, without payment of a fee, to snowmobiles owned by the state of Washington or its political subdivisions, and the assigned registration number shall be displayed upon each snowmobile in such manner as provided by rules adopted by the department.

Sec. 2. RCW 46.10.040 and 2005 c 235 s 3 are each amended to read as follows:

(1) Application for registration shall be made to the department in the manner and upon forms the department prescribes, and shall state the name and address of each owner of the snowmobile to be registered, and shall be signed by at least one such owner, and shall be accompanied by an annual registration fee ~~((to be established by the commission, after consultation with the committee and any statewide snowmobile user groups))~~ as described in (a) of this subsection.

(a) The annual registration fee for snowmobiles ~~((newer))~~ manufactured less than thirty years is thirty dollars. The annual registration fee for vintage snowmobiles is twelve dollars. The department shall design, in cooperation with the commission, a distinct registration decal which shall be issued to vintage snowmobiles upon payment of the annual registration fee.

(b) Upon receipt of the application and the application fee, the snowmobile shall be registered and a registration number assigned, which shall be affixed to the snowmobile in a manner provided in RCW 46.10.070.

(2) The registration provided in this section shall be valid for a period of one year. At the end of the period of registration, every owner of a snowmobile in this state shall renew his or her registration in the manner the department prescribes, for an additional period of one year, upon payment of the annual registration fee ~~((as determined by the commission))~~.

(3) Any person acquiring a snowmobile already validly registered under the provisions of this chapter must, within ten days of the acquisition or purchase of the snowmobile, make application to the department for transfer of the registration, and the application shall be accompanied by a transfer fee of five dollars.

(4) A snowmobile owned by a resident of another state or Canadian province where registration is not required by law may be issued a nonresident

registration permit valid for not more than sixty days. Application for the permit shall state the name and address of each owner of the snowmobile to be registered and shall be signed by at least one owner and shall be accompanied by a registration fee of five dollars. The registration permit shall be carried on the vehicle at all times during its operation in this state.

(5) The registration fees provided in this section shall be in lieu of any personal property or excise tax heretofore imposed on snowmobiles by this state or any political subdivision thereof, and no city, county, or other municipality, and no state agency shall hereafter impose any other registration or license fee on any snowmobile in this state.

(6) The department shall make available a pair of uniform decals consistent with the provisions of RCW 46.10.070. In addition to the registration fee provided in this section the department shall charge each applicant for registration the actual cost of the decal. The department shall make available replacement decals for a fee equivalent to the actual cost of the decals.

Passed by the Senate February 19, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 53

[Substitute Senate Bill 6224]

VENDOR OVERPAYMENTS—INTEREST ACCRUAL METHODOLOGY

AN ACT Relating to modifying the interest accrual methodology for vendor overpayments; and amending RCW 43.20B.695.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 43.20B.695 and 1987 c 283 s 2 are each amended to read as follows:

(1) Except as provided in subsection (4) of this section, vendors shall pay interest on overpayments at the rate of one percent per month or portion thereof. Where partial repayment of an overpayment is made, interest accrues on the remaining balance. Interest will not accrue when the overpayment occurred due to department error.

(2) If the overpayment is discovered by the vendor prior to discovery and notice by the department, the interest shall begin accruing ninety days after the vendor notifies the department of such overpayment.

(3) If the overpayment is discovered by the department prior to discovery and notice by the vendor, the interest shall begin accruing ~~((as follows, whichever occurs first:~~

~~(a)) thirty days after the date of notice by the department to the vendor (or~~
~~(b) Ninety days after the date of overpayment to the vendor)).~~

(4) This section does not apply to:

(a) Interagency or intergovernmental transactions;

(b) Contracts for public works, goods and services procured for the exclusive use of the department, equipment, or travel; and

(c) Contracts entered into before September 1, 1979, for contracts with medical assistance funding, and August 23, 1983, for all other contracts.

Passed by the Senate February 19, 2008.
Passed by the House March 5, 2008.
Approved by the Governor March 18, 2008.
Filed in Office of Secretary of State March 19, 2008.

CHAPTER 54

[Substitute Senate Bill 6246]

CLOSED INDUSTRIAL INSURANCE CLAIMS—TRAVEL EXPENSES

AN ACT Relating to travel expenses for closed industrial insurance claims; and amending RCW 51.36.020.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 51.36.020 and 1999 c 395 s 1 are each amended to read as follows:

(1) When the injury to any worker is so serious as to require his or her being taken from the place of injury to a place of treatment, his or her employer shall, at the expense of the medical aid fund, or self-insurer, as the case may be, furnish transportation to the nearest place of proper treatment.

(2) Every worker whose injury results in the loss of one or more limbs or eyes shall be provided with proper artificial substitutes and every worker, who suffers an injury to an eye producing an error of refraction, shall be once provided proper and properly equipped lenses to correct such error of refraction and his or her disability rating shall be based upon the loss of sight before correction.

(3) Every worker whose accident results in damage to or destruction of an artificial limb, eye, or tooth, shall have same repaired or replaced.

(4) Every worker whose hearing aid or eyeglasses or lenses are damaged, destroyed, or lost as a result of an industrial accident shall have the same restored or replaced. The department or self-insurer shall be liable only for the cost of restoring damaged hearing aids or eyeglasses to their condition at the time of the accident.

(5)(a) All mechanical appliances necessary in the treatment of an injured worker, such as braces, belts, casts, and crutches, shall be provided and all mechanical appliances required as permanent equipment after treatment has been completed shall continue to be provided or replaced without regard to the date of injury or date treatment was completed, notwithstanding any other provision of law.

(b) Injured workers shall be reimbursed for reasonable travel expenses when travel is required in order to repair, replace, or otherwise alter prosthetics, orthotics, or similar permanent mechanical appliances after closure of the claim. This subsection (5)(b) does not include travel for the repair or replacement of hearing aid devices.

(6) A worker, whose injury is of such short duration as to bring him or her within the time limit provisions of RCW 51.32.090, shall nevertheless receive during the omitted period medical, surgical, and hospital care and service and transportation under the provisions of this chapter.

(7) Whenever in the sole discretion of the supervisor it is reasonable and necessary to provide residence modifications necessary to meet the needs and requirements of the worker who has sustained catastrophic injury, the

department or self-insurer may be ordered to pay an amount not to exceed the state's average annual wage for one year as determined under RCW 50.04.355, as now existing or hereafter amended, toward the cost of such modifications or construction. Such payment shall only be made for the construction or modification of a residence in which the injured worker resides. Only one residence of any worker may be modified or constructed under this subsection, although the supervisor may order more than one payment for any one home, up to the maximum amount permitted by this section.

(8)(a) Whenever in the sole discretion of the supervisor it is reasonable and necessary to modify a motor vehicle owned by a worker who has become an amputee or becomes paralyzed because of an industrial injury, the supervisor may order up to fifty percent of the state's average annual wage for one year, as determined under RCW 50.04.355, to be paid by the department or self-insurer toward the costs thereof.

(b) In the sole discretion of the supervisor after his or her review, the amount paid under this subsection may be increased by no more than four thousand dollars by written order of the supervisor.

(9) The benefits provided by subsections (7) and (8) of this section are available to any otherwise eligible worker regardless of the date of industrial injury.

Passed by the Senate February 18, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 55

[Engrossed Substitute House Bill 1623]

AQUATIC LANDS—EASEMENT FEES

AN ACT Relating to setting fees for utility easements on state-owned aquatic lands; and amending RCW 79.110.230 and 79.110.240.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 79.110.230 and 2005 c 155 s 216 are each amended to read as follows:

(1) The use of state-owned aquatic lands for public utility lines owned by a governmental entity shall be granted by an agreement, permit, or other instrument if the use is consistent with the purposes of RCW 79.105.010, 79.105.030, 79.105.050, 79.105.210, 79.105.400, and 79.130.070 and does not obstruct navigation or other public uses. The department may recover only its ~~((reasonable direct))~~ administrative costs incurred in processing and approving the request or application, and reviewing plans for construction of public utility lines as determined under RCW 79.110.240. ~~((For purposes of this section, "direct administrative costs" means the cost of hours worked directly on an application or request, based on salaries and benefits, plus travel reimbursement and other actual out-of-pocket costs. Direct))~~ Administrative costs recovered by the department must be deposited into the resource management cost account.

(2) The use of state-owned aquatic lands for local public utility lines owned by a nongovernmental entity will be granted by easement if the use is consistent

with the purpose of RCW 79.105.010, 79.105.030, 79.105.050, 79.105.210, 79.105.400, and 79.130.070 and does not obstruct navigation or other public uses. The total charge for the easement will be determined under RCW 79.110.240.

(3) Nothing in this section limits the ability of the department to obtain payment for commodity costs, such as lost revenue from renewable resources, resulting from the granted use of state-owned aquatic lands for public utility lines.

Sec. 2. RCW 79.110.240 and 2005 c 155 s 162 are each amended to read as follows:

(1) Until July 1, ~~((2008))~~ 2017, the charge for the term of an easement granted under RCW ~~((79.105.220(2)))~~ 79.110.230(2) will be determined as follows and will be paid in advance upon grant of the easement:

(a) Five thousand dollars for individual easement crossings that are no longer than one mile in length;

(b) Twelve thousand five hundred dollars for individual easement crossings that are more than one mile but less than five miles in length; or

(c) Twenty thousand dollars for individual easement crossings that are five miles or more in length.

(2) The charge for easements under subsection (1) of this section must be adjusted annually by the rate of yearly increase in the most recently published consumer price index, all urban consumers, for the Seattle-Everett SMSA, over the consumer price index for the preceding year, as compiled by the bureau of labor statistics, United States department of labor for the state of Washington rounded up to the nearest fifty dollars.

(3) The term of the easement is thirty years or a period of less than thirty years if requested by the person or entity seeking the easement.

(4) In addition to the charge for the easement under subsection (1) of this section, the department may recover its ~~((reasonable direct))~~ administrative costs incurred in receiving an application for the easement, approving the easement, and reviewing plans for and construction of the public utility lines. For the purposes of this subsection, "~~((direct))~~ administrative costs" ~~((means the cost of hours worked directly on an application, based on salaries and benefits, plus travel reimbursement and other actual out of pocket costs))~~ is equivalent to twenty percent of the fee for the easement as determined under subsection (1) of this section and adjusted under subsection (2) of this section. For public utility lines owned by a governmental entity, the administrative costs will be calculated based on the length of the easement and the fee that it would be charged if it were subject to the easement charges in this section. When multiple public utility lines are owned by the same entity and are authorized under the same easement, the administrative fee for the easement shall be equal to twenty percent of the easement fee for the single longest public utility line. ((Direct)) Administrative costs recovered by the department must be deposited into the resource management cost account.

(5) Applicants under RCW ~~((79.105.220(2)))~~ 79.110.230(2) providing a residence with an individual service connection for electrical, natural gas, cable television, or telecommunications service are not required to pay the charge for the easement under subsection (1) of this section but shall pay administrative costs under subsection (4) of this section.

(6) A final decision on applications for an easement must be made within one hundred twenty days after the department receives the completed application and after all applicable regulatory permits for the aquatic easement have been acquired. This subsection applies to applications submitted before June 13, 2002, as well as to applications submitted on or after June 13, 2002. Upon request of the applicant, the department may reach a decision on an application within sixty days and charge an additional fee for an expedited processing. The fee for an expedited processing is ~~((the greater of: (a)) ten percent of the combined total of the easement charge and ((direct)) administrative costs((; or (b) the cost of staff overtime, calculated at time and one-half, associated with the expedited processing)).~~

(7) By December 31, 2016, the legislature shall review the granting of easements on state-owned aquatic lands under this chapter and determine whether all applications for easements are processed within one hundred twenty days for normal processing of applications and sixty days for expedited processing of applications, and whether the granting of easements on state-owned aquatic lands generates reasonable income for the aquatic lands enhancement account.

Passed by the House January 25, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 56

[Substitute House Bill 2431]

CORD BLOOD BANKING

AN ACT Relating to cord blood banking; amending RCW 70.54.220; adding a new section to chapter 70.54 RCW; creating a new section; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The purpose of this act is to promote public awareness and education of the general public and potential cord blood donors on the benefits of public or private cord blood banking, and to establish safeguards related to effective private banking of cord blood.

Sec. 2. RCW 70.54.220 and 1988 c 276 s 5 are each amended to read as follows:

(1) All persons licensed or certified by the state of Washington to provide prenatal care or to practice medicine shall provide information to all pregnant women in their care regarding:

(a) The use and availability of prenatal tests ((to all pregnant women in their care)); and

(b) Using objective and standardized information: (i) The differences between and potential benefits and risks involved in public and private cord blood banking that is sufficient to allow a pregnant woman to make an informed decision before her third trimester of pregnancy on whether to participate in a private or public cord blood banking program; and (ii) the opportunity to donate, to a public cord blood bank, blood and tissue extracted from the placenta and umbilical cord following delivery of a newborn child.

(2) The information required by this section must be provided within the time limits prescribed by department rules and in accordance with standards established by those rules.

NEW SECTION. Sec. 3. A new section is added to chapter 70.54 RCW to read as follows:

(1) A cord blood bank advertising, offering to provide, or providing private cord blood banking services to residents in this state must:

(a) Have all applicable licenses, accreditations, and other authorizations required under federal and Washington state law to engage in cord blood banking;

(b) Include, in any advertising or educational materials made available to the general public or provided to health services providers or potential cord blood donors: (i) A statement identifying the cord blood bank's licenses, accreditations, and other authorizations required in (a) of this subsection; and (ii) information about the cord blood bank's rate of success in collecting, processing, and storing sterile cord blood units that have adequate, viable yields of targeted cells; and

(c)(i) Provide to the cord blood donor the results of appropriate quality control tests performed on the donor's collected cord blood; and

(ii) If the test results provided under (c)(i) of this subsection demonstrate that the collected cord blood may not be recommended for long-term storage and potential future medical uses because of low cell yield, foreign contamination, or other reasons determined by the cord blood bank's medical director, provide the cord blood donor with the option not to be charged fees for processing or storage services, including a refund of any fees paid. The cord blood bank must provide the cord blood donor with sufficient information to make an informed decision regarding this option.

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

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

(a) "Autologous use" means the transplantation, including implanting, transplanting, infusion, or transfer, of cord blood into the individual from whom the cord blood was collected.

(b) "Cord blood bank" means an operation engaged in collecting, processing, storing, distributing, or transplanting hematopoietic progenitor cells present in placental or umbilical cord blood.

(c) "Hematopoietic progenitor cells" means pluripotential cells that may be capable of self-renewal and differentiation into any mature blood cell.

(d) "Private cord blood banking" means a cord blood bank that provides, for a fee, cord blood banking services for the autologous use of the cord blood.

NEW SECTION. Sec. 4. This act takes effect July 1, 2010.

Passed by the House February 12, 2008.
Passed by the Senate March 6, 2008.
Approved by the Governor March 18, 2008.
Filed in Office of Secretary of State March 19, 2008.

CHAPTER 57

[Engrossed House Bill 2459]

REAL PROPERTY ELECTRONIC RECORDING

AN ACT Relating to real property electronic recording; and adding a new chapter to Title 65 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. This chapter may be known and cited as the uniform real property electronic recording act.

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

(1) "Document" means information that is:

(a) Inscribed on a tangible medium or that is stored in an electronic or other medium, and is retrievable in perceivable form; and

(b) Eligible to be recorded in the land records maintained by the recording officer.

(2) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

(3) "Electronic document" means a document that is received by the recording officer in an electronic form.

(4) "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with a document and executed or adopted by a person with the intent to sign the document.

(5) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, government, or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(6) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(7) "E-recording standards commission" means the body of stakeholders appointed by the secretary of state to review electronic recording standards and make recommendations to the secretary under section 5 of this act.

NEW SECTION. Sec. 3. (1) If a law requires, as a condition for recording, that a document be an original, be on paper or another tangible medium, or be in writing, the requirement is satisfied by an electronic document satisfying this chapter.

(2) If a law requires, as a condition for recording, that a document be signed, the requirement is satisfied by an electronic signature.

(3) A requirement that a document or a signature associated with a document be notarized, acknowledged, verified, witnessed, or made under oath is satisfied if the electronic signature of the person authorized to perform that act, and all other information required to be included, is attached to or logically

associated with the document or signature. A physical or electronic image of a stamp, impression, or seal need not accompany an electronic signature.

NEW SECTION. Sec. 4. (1) In this section, "paper document" means a document that is received by the recording officer in a form that is not electronic.

(2) A recording officer:

(a) Who performs any of the functions listed in this section shall do so in compliance with the rules adopted by the secretary of state for the electronic recording of documents;

(b) May receive, index, store, archive, and transmit electronic documents;

(c) May provide for access to, and for search and retrieval of, documents and information by electronic means;

(d) Who accepts electronic documents for recording shall continue to accept paper documents as authorized by state law and shall place entries for both types of documents in the same index;

(e) May convert paper documents accepted for recording into electronic form;

(f) May convert information previously recorded into electronic form;

(g) May, after receiving approval pursuant to RCW 36.29.190, accept electronically any fee or tax that the recording officer is authorized to collect;

(h) May agree with other officials of a state, or a political subdivision thereof, or of the United States, on procedures or processes to facilitate the electronic satisfaction of prior approvals and conditions precedent to recording and the electronic payment of fees or taxes.

NEW SECTION. Sec. 5. The office of the secretary of state shall create and appoint an e-recording standards commission. The e-recording standards commission shall review electronic recording standards and make recommendations to the secretary of state for rules necessary to implement this chapter. A majority of the commission must be county recorders or auditors. The commission may include assessors, treasurers, land title company representatives, escrow agents, and mortgage brokers, the state archivist, and any other party the secretary of state deems appropriate. The term of the commissioners will be set by the secretary of state.

To keep the standards and practices of recording officers in this state in harmony with the standards and practices of recording offices in other jurisdictions that enact this chapter and to keep the technology used by recording officers in this state compatible with technology used by recording offices in other jurisdictions that enact this chapter, the office of the secretary of state, so far as is consistent with the purposes, policies, and provisions of this chapter, in adopting, amending, and repealing standards shall consider:

(1) The standards and practices of other jurisdictions;

(2) The most recent standards adopted by national standard-setting bodies, such as the property records industry association;

(3) The views of interested persons and governmental officials and entities;

(4) The needs of counties of varying size, population, and resources; and

(5) Standards requiring adequate information security protection to ensure that electronic documents are accurate, authentic, adequately preserved, and resistant to tampering.

NEW SECTION. Sec. 6. In applying and construing this chapter, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact a uniform real property electronic recording act.

NEW SECTION. Sec. 7. This chapter modifies, limits, and supersedes the federal electronic signatures in global and national commerce act (15 U.S.C. Sec. 7001, et seq.) but does not modify, limit, or supersede section 101(c) of that act or authorize electronic delivery of any of the notices described in section 103(b) of that act.

NEW SECTION. Sec. 8. Sections 1 through 7 of this act constitute a new chapter in Title 65 RCW.

Passed by the House January 28, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 58

[Substitute House Bill 2475]

HEALTH CARE ASSISTANTS

AN ACT Relating to the practice of health care assistants; amending RCW 18.135.010, 18.135.020, and 18.135.065; and adding a new section to chapter 18.135 RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 18.135.010 and 1984 c 281 s 1 are each amended to read as follows:

It is in ~~((the))~~ this state's public interest that limited authority to: (1) Administer skin tests and subcutaneous, intradermal, intramuscular, and intravenous injections ~~((and to))~~; (2) perform minor invasive procedures to withdraw blood ~~((in this state))~~; and (3) administer vaccines in accordance with section 4 of this act be granted to health care assistants who are not so authorized under existing licensing statutes, subject to such regulations as will ~~((assure))~~ ensure the protection of the health and safety of the patient.

Sec. 2. RCW 18.135.020 and 2001 c 22 s 2 are each amended to read as follows:

~~((As used in this chapter:))~~ The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Secretary" means the secretary of health.

(2) "Health care assistant" means an unlicensed person who assists a licensed health care practitioner in providing health care to patients pursuant to this chapter. However, persons trained by a federally approved end-stage renal disease facility who perform end-stage renal dialysis in the home setting are exempt from certification under this chapter.

(3) "Health care practitioner" means:

(a) A physician licensed under chapter 18.71 RCW;

(b) An osteopathic physician or surgeon licensed under chapter 18.57 RCW;

or

(c) Acting within the scope of their respective licensure, a podiatric physician and surgeon licensed under chapter 18.22 RCW, a registered nurse or advanced registered nurse practitioner licensed under chapter 18.79 RCW, ~~((or))~~ a naturopath licensed under chapter 18.36A RCW, a physician assistant licensed under chapter 18.71A RCW, or an osteopathic physician assistant licensed under chapter 18.57A RCW.

(4) "Supervision" means supervision of procedures permitted pursuant to this chapter by a health care practitioner who is physically present and is immediately available in the facility during the administration of injections or vaccines, as defined in this chapter, but need not be present during procedures to withdraw blood.

(5) "Health care facility" means any hospital, hospice care center, licensed or certified health care facility, health maintenance organization regulated under chapter 48.46 RCW, federally qualified health maintenance organization, renal dialysis center or facility federally approved under 42 C.F.R. 405.2100, blood bank federally licensed under 21 C.F.R. 607, or clinical laboratory certified under 20 C.F.R. 405.1301-16.

(6) "Delegation" means direct authorization granted by a licensed health care practitioner to a health care assistant to perform the functions authorized in this chapter which fall within the scope of practice of the delegator and which are not within the scope of practice of the delegatee.

Sec. 3. RCW 18.135.065 and 1991 c 3 s 276 are each amended to read as follows:

(1) Each delegator, as defined under RCW 18.135.020(6), shall maintain a list of: (a) Specific medications and diagnostic agents, and the route of administration of each, that he or she has authorized for injection; and (b) the vaccines that he or she has authorized for administration. Both the delegator and delegatee shall sign the above list, indicating the date of each signature. The signed list shall be forwarded to the secretary of the department of health and shall be available for review.

(2) Delegates are prohibited from administering any controlled substance as defined in RCW 69.50.101(d), any experimental drug, and any cancer chemotherapy agent unless a delegator is physically present in the immediate area where the drug is administered.

NEW SECTION. Sec. 4. A new section is added to chapter 18.135 RCW to read as follows:

The administration of vaccines by a health care assistant is restricted to vaccines that are administered by injection, orally, or topically, including nasal administration, and that are licensed by the United States food and drug administration.

Passed by the House February 13, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 59

[House Bill 2499]

BUSINESS CORPORATION ACT—NOTICE

AN ACT Relating to notice under the Washington business corporation act; and amending RCW 23B.01.410.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 23B.01.410 and 2002 c 297 s 10 are each amended to read as follows:

(1) Notice under this title must be provided in the form of a record, except that oral notice of any meeting of the board of directors may be given if expressly authorized by the articles of incorporation or bylaws.

(2) Permissible means of transmission.

(a) Oral notice. Oral notice may be communicated in person, by telephone, wire, or wireless equipment which does not transmit a facsimile of the notice, or by any electronic means which does not create a record. If these forms of oral notice are impracticable, oral notice may be communicated by radio, television, or other form of public broadcast communication.

(b) Notice provided in a tangible medium. Notice may be provided in a tangible medium and be transmitted by mail, private carrier, or personal delivery; telegraph or teletype; or telephone, wire, or wireless equipment which transmits a facsimile of the notice. If these forms of notice in a tangible medium are impracticable, notice in a tangible medium may be transmitted by an advertisement in a newspaper of general circulation in the area where published.

(c) Notice provided in an electronic transmission.

(i) Notice may be provided in an electronic transmission and be electronically transmitted.

(ii) Notice to shareholders or directors in an electronic transmission is effective only with respect to shareholders and directors that have consented, in the form of a record, to receive electronically transmitted notices under this title and designated in the consent the address, location, or system to which these notices may be electronically transmitted and with respect to a notice that otherwise complies with any other requirements of this title and applicable federal law.

(A) Notice to shareholders or directors for this purpose includes material that this title requires (~~or permits~~) to accompany the notice.

(B) A shareholder or director who has consented to receipt of electronically transmitted notices may revoke this consent by delivering a revocation to the corporation in the form of a record.

(C) The consent of any shareholder or director is revoked if (I) the corporation is unable to electronically transmit two consecutive notices given by the corporation in accordance with the consent, and (II) this inability becomes known to the secretary of the corporation, the transfer agent, or any other person responsible for giving the notice. The inadvertent failure by the corporation to treat this inability as a revocation does not invalidate any meeting or other action.

(iii) Notice to shareholders or directors who have consented to receipt of electronically transmitted notices may be provided by (A) posting the notice on an electronic network and (B) delivering to the shareholder or director a separate

record of the posting, together with comprehensible instructions regarding how to obtain access to the posting on the electronic network.

(iv) Notice to a domestic or foreign corporation, authorized to transact business in this state, in an electronic transmission is effective only with respect to a corporation that has designated in a record an address, location, or system to which the notices may be electronically transmitted.

(d) Materials accompanying notice to shareholders of public companies. Notwithstanding anything to the contrary in this section or any other section of this title, if this title requires that a notice to shareholders be accompanied by certain material, a public company may satisfy such a requirement, whether or not a shareholder has consented to receive electronically transmitted notice, by (i) posting the material on an electronic network (either separate from, or in combination or as part of, any other materials the public company has posted on the electronic network in compliance with applicable federal law) at or prior to the time that the notice is delivered to the public company's shareholders entitled to receive the notice, and (ii) delivering to the public company's shareholders entitled to receive the notice a separate record of the posting (which record may accompany, or be contained in, the notice), together with comprehensible instructions regarding how to obtain access to the posting on the electronic network. In such a case, the material is deemed to have been delivered to the public company's shareholders at the time the notice to the shareholders is effective under this section. A public company that elects pursuant to this section to post on an electronic network any material required by this title to accompany a notice to shareholders is required, at its expense, to provide a copy of the material in a tangible medium (alone or in combination or as part of any other materials the public company has posted on the electronic network in compliance with federal law) to any shareholder entitled to such a notice who so requests.

(3) Effective time and date of notice.

(a) Oral notice. Oral notice is effective when received.

(b) Notice provided in a tangible medium.

(i) Notice in a tangible medium, if in a comprehensible form, is effective at the earliest of the following:

(A) If expressly authorized by the articles of incorporation or bylaws, and if notice is sent to the person's address, telephone number, or other number appearing on the records of the corporation, when dispatched by telegraph, teletype, or facsimile equipment;

(B) When received;

(C) Except as provided in (b)(ii) of this subsection, five days after its deposit in the United States mail, as evidenced by the postmark, if mailed with first-class postage, prepaid and correctly addressed; or

(D) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.

(ii) Notice in a tangible medium by a domestic or foreign corporation to its shareholder, if in a comprehensible form and correctly addressed to the shareholder's address shown in the corporation's current record of shareholders, is effective:

(A) When mailed, if mailed with first-class postage prepaid; and

(B) When dispatched, if prepaid, by air courier.

(iii) Notice in a tangible medium to a domestic or foreign corporation, authorized to transact business in this state, may be addressed to the corporation's registered agent at its registered office or to the corporation or its secretary at its principal office shown in its most recent annual report, or in the case of a foreign corporation that has not yet delivered its annual report in its application for a certificate of authority.

(c) Notice provided in an electronic transmission. Notice provided in an electronic transmission, if in comprehensible form, is effective when it: (i) Is electronically transmitted to an address, location, or system designated by the recipient for that purpose; or (ii) has been posted on an electronic network and a separate record of the posting has been delivered to the recipient together with comprehensible instructions regarding how to obtain access to the posting on the electronic network.

(4) If this title prescribes notice requirements for particular circumstances, those requirements govern. If articles of incorporation or bylaws prescribe notice requirements, not inconsistent with this section or other provisions of this title, those requirements govern.

Passed by the House February 1, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 60

[Substitute House Bill 2575]

FIRE SPRINKLER SYSTEMS—PRIVATE RESIDENCES

AN ACT Relating to fire sprinkler systems in private residences; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. **Sec. 1.** The legislature recognizes that fire sprinkler systems in private residences can prevent catastrophic losses of life and property, but that financial, technical, and other issues often discourage property owners from installing these protective systems.

In response to these recognized benefits and circumstances, the legislature intends the state building code council to convene a technical advisory group to examine issues, barriers, and incentives pertaining to private residential fire sprinkler systems. The legislature further intends the council to develop recommendations for eradicating barriers that prevent the voluntary installation of sprinkler systems in private residences and to report the findings of the advisory group. The legislature expects the efforts of the council and the advisory group to prove beneficial in developing new and successful approaches to protecting the lives and property of Washingtonians by promoting the installation of sprinkler systems in private residences.

The legislature does not intend to establish an actual or implied mandate for the installation of private residential fire sprinkler systems, nor does the legislature intend to diminish or otherwise affect the regulatory authority of local governments.

NEW SECTION. **Sec. 2.** (1) The state building code council must convene a technical advisory group on private residential fire sprinkler systems. The advisory group must research and review policies and procedures pertaining to private residential fire sprinkler systems, including technical, statutory, and liability issues, that promote or discourage the installation of sprinkler systems in private residences.

(2)(a) The advisory group must consist of representatives from:

- (i) A city association;
- (ii) A county association;
- (iii) A building officials association;
- (iv) A special purpose water-sewer district association;
- (v) A public utility district association;
- (vi) A mutual water company;
- (vii) The department of health;
- (viii) The department of ecology; and
- (ix) The insurance industry.

(b) The advisory group must also consist of:

- (i) The state director of fire protection or his or her designee;
- (ii) A local fire marshal;
- (iii) A licensed residential sprinkler fitter;
- (iv) A licensed residential fire sprinkler contractor;
- (v) An architect;
- (vi) A residential builder; and
- (vii) Other representatives deemed necessary by the council to fulfill the requirements of this section.

(3) The state building code council must: (a) Develop recommendations for eradicating barriers that prevent the voluntary installation of sprinkler systems in private residences. Recommendations under this subsection (3) must consider the work of the advisory group; and (b) report the findings of the advisory group to the appropriate committees of the house of representatives and the senate by January 15, 2009.

Passed by the House February 18, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 61

[Substitute House Bill 2661]

SELF-SERVICE STORAGE FACILITIES—LATE FEES

AN ACT Relating to self-service storage facility late fees; amending RCW 19.150.010, 19.150.020, 19.150.901, and 19.150.902; and adding a new section to chapter 19.150 RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 19.150.010 and 2007 c 113 s 1 are each amended to read as follows:

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

(1) "Self-service storage facility" means any real property designed and used for the purpose of renting or leasing individual storage space to occupants who are to have access to the space for the purpose of storing and removing personal property on a self-service basis, but does not include a garage or other storage area in a private residence. No occupant may use a self-service storage facility for residential purposes.

(2) "Owner" means the owner, operator, lessor, or sublessor of a self-service storage facility, his or her agent, or any other person authorized by him or her to manage the facility, or to receive rent from an occupant under a rental agreement.

(3) "Occupant" means a person, or his or her sublessee, successor, or assign, who is entitled to the use of the storage space at a self-service storage facility under a rental agreement, to the exclusion of others.

(4) "Rental agreement" means any written agreement or lease which establishes or modifies the terms, conditions, rules or any other provision concerning the use and occupancy of a self-service storage facility.

(5) "Personal property" means movable property not affixed to land, and includes, but is not limited to, goods, merchandise, furniture, and household items.

(6) "Last known address" means that address provided by the occupant in the latest rental agreement, or the address provided by the occupant in a subsequent written notice of a change of address.

(7) "Reasonable manner" means to dispose of personal property by donation to a not-for-profit charitable organization, removal of the personal property from the self-service storage facility by a trash hauler or recycler, or any other method that in the discretion of the owner is reasonable under the circumstances.

(8) "Commercially reasonable manner" means a public sale of the personal property in the self-storage space. The personal property may be sold in the owner's discretion on or off the self-service storage facility site as a single lot or in parcels. If five or more bidders are in attendance at a public sale of the personal property, the proceeds received are deemed to be commercially reasonable.

(9) "Costs of the sale" means reasonable costs directly incurred by the delivering or sending of notices, advertising, accessing, inventorying, auctioning, conducting a public sale, removing, and disposing of property stored in a self-service storage facility.

(10) "Late fee" means a fee or charge assessed by an owner of a self-service storage facility as an estimate of any loss incurred by an owner for an occupant's failure to pay rent when due. A late fee is not a penalty, interest on a debt, nor is a late fee a reasonable expense that the owner may incur in the course of collecting unpaid rent in enforcing the owner's lien rights pursuant to RCW 19.150.020 or enforcing any other remedy provided by statute or contract.

NEW SECTION. Sec. 2. A new section is added to chapter 19.150 RCW to read as follows:

Any late fee charged by the owner shall be provided for in the rental agreement. No late fee shall be collected unless it is written in the rental agreement or as an addendum to such agreement. An owner may impose a reasonable late fee for each month an occupant does not pay rent when due. A late fee of twenty dollars or twenty percent of the monthly rental amount,

whichever is greater, for each late rental payment shall be deemed reasonable, and shall not constitute a penalty.

Sec. 3. RCW 19.150.020 and 1988 c 240 s 3 are each amended to read as follows:

The owner of a self-service storage facility and his or her heirs, executors, administrators, successors, and assigns have a lien upon all personal property located at a self-service storage facility for rent, labor, ~~((or other charges))~~ late fees, and costs of the sale, present or future, incurred pursuant to the rental agreement, and for expenses necessary for the preservation, sale, or disposition of personal property subject to this chapter. The lien may be enforced consistent with this chapter. However, any lien on a motor vehicle or boat which has attached and is set forth in the documents of title to the motor vehicle or boat shall have priority over any lien created pursuant to this chapter.

Sec. 4. RCW 19.150.901 and 1988 c 240 s 16 are each amended to read as follows:

This chapter shall only apply to rental agreements entered into, automatically extended, or automatically renewed after June 9, 1988. Rental agreements entered into before June 9, 1988, which provide for monthly rental payments but providing no specific termination date shall be subject to this chapter on the first monthly rental payment date next succeeding June 9, 1988.

Sec. 5. RCW 19.150.902 and 1988 c 240 s 17 are each amended to read as follows:

All rental agreements entered into before June 9, 1988, and not automatically extended or automatically renewed after that date, or otherwise made subject to this chapter pursuant to RCW 19.150.901, and the rights, duties, and interests flowing from them, shall remain valid, and may be enforced or terminated in accordance with their terms or as permitted by any other statute or law of this state.

Passed by the House February 13, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 62

[Substitute House Bill 2727]

PERSONALITY RIGHTS—DECEASED PERSONS

AN ACT Relating to the rights of deceased personalities; amending RCW 63.60.010, 63.60.020, and 63.60.030; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 63.60.010 and 1998 c 274 s 1 are each amended to read as follows:

Every individual or personality ~~((as the case may be,))~~ has a property right in the use of his or her name, voice, signature, photograph, or likeness ~~((, and))~~. Such right exists in the name, voice, signature, photograph, or likeness of individuals or personalities deceased before, on, or after June 11, 1998. This right shall be freely transferable, assignable, and licensable, in whole or in part,

by any otherwise permissible form of inter vivos or testamentary transfer, including without limitation a will or other testamentary instrument, trust, contract, community property agreement, or cotenancy with survivorship provisions or payable-on-death provisions, whether the will or other testamentary instrument, trust, contract, community property agreement, or cotenancy document is entered into or executed before, on, or after June 11, 1998, by the deceased individual or personality or by any subsequent owner of the deceased individual's or personality's rights as recognized by this chapter; or, if none is applicable, then the owner of the rights shall be determined under the laws of intestate succession applicable to interests in intangible personal property. The property right does not expire upon the death of the individual or personality, ~~((as the case may be))~~ regardless of whether the law of the domicile, residence, or citizenship of the individual or personality at the time of death or otherwise recognizes a similar or identical property right. The right exists whether or not it was commercially exploited by the individual or the personality during the individual's or the personality's lifetime. The rights recognized under this chapter shall be deemed to have existed before June 11, 1998, and at the time of death of any deceased individual or personality or subsequent successor of their rights for the purpose of determining the person or persons entitled to these property rights as provided in RCW 63.60.030. This chapter is intended to apply to all individuals and personalities, living and deceased, regardless of place of domicile or place of domicile at time of death.

Sec. 2. RCW 63.60.020 and 2004 c 71 s 1 are each amended to read as follows:

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

(1) "Deceased individual" means any individual, regardless of the individual's place of domicile, residence, or citizenship at the time of death or otherwise, who has died within ten years before January 1, 1998, or thereafter.

(2) "Deceased personality" means any individual, regardless of the personality's place of domicile, residence, or citizenship at the time of death or otherwise, whose name, voice, signature, photograph, or likeness had commercial value at the time of his or her death, whether or not during the lifetime of that individual he or she used his or her name, voice, signature, photograph, or likeness on or in products, merchandise or goods, or for purposes of advertising or selling, or soliciting the purchase or sale of, products, merchandise, goods, or services. A "deceased personality" includes, without limitation, any such individual who has died within fifty years before January 1, 1998, or thereafter.

~~((2))~~ (3) "Fund-raising" means an organized activity to solicit donations of money or other goods or services from persons or entities by an organization, company, or public entity. A fund-raising activity does not include a live, public performance by an individual or group of individuals for which money is received in solicited or unsolicited gratuities.

~~((3))~~ (4) "Individual" means a natural person, living or dead.

~~((4))~~ (5) "Likeness" means an image, painting, sketching, model, diagram, or other clear representation, other than a photograph, of an individual's face, body, or parts thereof, or the distinctive appearance, gestures, or mannerisms of an individual.

~~((5))~~ (6) "Name" means the actual or assumed name, or nickname, of a living or deceased individual that is intended to identify that individual.

~~((6))~~ (7) "Person" means any natural person, firm, association, partnership, corporation, joint stock company, syndicate, receiver, common law trust, conservator, statutory trust, or any other concern by whatever name known or however organized, formed, or created, and includes not-for-profit corporations, associations, educational and religious institutions, political parties, and community, civic, or other organizations.

~~((7))~~ (8) "Personality" means any individual whose name, voice, signature, photograph, or likeness has commercial value, whether or not that individual uses his or her name, voice, signature, photograph, or likeness on or in products, merchandise, or goods, or for purposes of advertising or selling, or solicitation of purchase of, products, merchandise, goods, or services.

~~((8))~~ (9) "Photograph" means any photograph or photographic reproduction, still or moving, or any videotape, online or live television transmission, of any individual, so that the individual is readily identifiable.

~~((9))~~ (10) "Signature" means the one handwritten or otherwise legally binding form of an individual's name, written or authorized by that individual, that distinguishes the individual from all others.

Sec. 3. RCW 63.60.030 and 1998 c 274 s 3 are each amended to read as follows:

(1) Every individual or personality~~((, as the case may be,))~~ has a property right in the use of his or her name, voice, signature, photograph, or likeness~~((, and))~~. Such right shall be freely transferable, assignable, and licensable, in whole or in part, by contract or inter vivos transfer~~((, and))~~. This right shall not expire upon the death of the individual or personality, ((as the case may be, so protected)) but shall ((pass)) be owned and enforceable by the following successors, heirs, or other transferees of living or deceased individuals or personalities:

(a) Except where such rights were transferred or assigned before such deceased personality's death by means of any contract or trust instrument, the right shall be owned by the person entitled to such rights under the deceased individual's or personality's~~((, as the case may be,))~~ last will and testament or, if none, then by the beneficiaries or heirs under the laws of intestate succession applicable to interests in intangible personal property generally of the individual's or personality's~~((, as the case may be,))~~ domicile, regardless of whether the law of the domicile of the deceased individual or personality, at the time of death, or thereafter, recognizes a similar or identical property right; or

(b) If the deceased individual or personality~~((, as the case may be,))~~ transferred or assigned any interest in the personality rights during his or her life by means of any contract or trust instrument, then the transferred or assigned interest shall ~~((pass))~~ be held as follows:

(i) If the transferred or assigned interest was held in trust, in accordance with the terms of the trust;

(ii) If the interest is subject to a cotenancy with any survivorship provisions or payable-on-death provisions, in accordance with those provisions;

(iii) If the interest is subject to any contract, including without limitation an exclusive license, assignment, or a community property agreement, in accordance with the terms of the applicable contract or contracts;

(iv) If the interest has been transferred or assigned to a third person in a form that is not addressed (~~(earlier)~~) in this section, by the individual or personality or the successor, heir, or other transferee of the living or deceased individual or personality, then the interest may be transferred, assigned, or licensed by such third person, in whole or in part, by any otherwise permissible form of inter vivos or testamentary transfer or, if none is applicable, under the laws of intestate succession applicable to interests in intangible personal property of the third person's domicile, regardless of whether the law of the domicile of the deceased third party, at the time of death, or thereafter, recognizes a similar or identical property right.

(2) A property right exists whether or not such rights were commercially exploited by or under the authority of the individual or the personality or the individual's or personality's successors or transferees during the individual's or the personality's (~~as the case may be~~) lifetime.

(3) The rights recognized under this chapter shall be deemed to have existed before June 11, 1998, and at the time of death of any deceased individual or personality or subsequent successor of their rights for the purpose of determining the person or persons entitled to these property rights as provided in this section.

NEW SECTION. Sec. 4. This act applies to all causes of action commenced on or after June 11, 1998, regardless of when the cause of action arose. To this extent, this act applies retroactively, but in all other respects it applies prospectively.

Passed by the House February 14, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 63

[House Bill 2762]

DISTRICT COURTS—JUDGES—COWLITZ COUNTY

AN ACT Relating to changing the number of district court judges; and amending RCW 3.34.010.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 3.34.010 and 2005 c 91 s 1 are each amended to read as follows:

The number of district judges to be elected in each county shall be: Adams, two; Asotin, one; Benton, three; Chelan, two; Clallam, two; Clark, six; Columbia, one; Cowlitz, (~~two~~) three; Douglas, one; Ferry, one; Franklin, one; Garfield, one; Grant, two; Grays Harbor, two; Island, one; Jefferson, one; King, twenty-one; Kitsap, four; Kittitas, two; Klickitat, two; Lewis, two; Lincoln, one; Mason, one; Okanogan, two; Pacific, two; Pend Oreille, one; Pierce, eleven; San Juan, one; Skagit, two; Skamania, one; Snohomish, eight; Spokane, ten; Stevens, one; Thurston, three; Wahkiakum, one; Walla Walla, two; Whatcom, two; Whitman, one; Yakima, four. This number may be increased only as provided in RCW 3.34.020.

Passed by the House February 13, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 18, 2008.
Filed in Office of Secretary of State March 19, 2008.

CHAPTER 64

[House Bill 2825]

ALCOHOL—NONBEVERAGE FORM—PERMIT

AN ACT Relating to medical, hospital, mechanical, manufacturing, or scientific entities or persons obtaining nonbeverage alcohol directly from suppliers; and adding a new section to chapter 66.12 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 66.12 RCW to read as follows:

(1) Any person engaged in medical or dental pursuits, any person in charge of an institution regularly conducted as a hospital or sanitarium for the care of persons in ill health, or a home devoted exclusively to the care of aged persons, may obtain alcohol in a nonbeverage form directly from a supplier under a permit issued under RCW 66.20.010(1).

(2) Any person engaged in the mechanical or manufacturing business or in scientific pursuits requiring the use of alcohol may obtain alcohol in a nonbeverage form directly from a supplier under a permit issued under RCW 66.20.010(2).

Passed by the House February 7, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 65

[Second Substitute House Bill 2870]

INSTRUCTIONAL ASSISTANTS—PROFESSIONAL DEVELOPMENT

AN ACT Relating to professional development for instructional assistants; adding a new section to chapter 28A.415 RCW; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that classified instructional assistants are key partners with classroom teachers in improving student achievement. Research on rigorous reading programs, including the reading first programs in our own state, proves that when instructional assistants are skilled, well-trained in a particular intervention, and positively supported by the classroom teacher or coach, they can have a significant impact on student reading attainment. The legislature further finds that school district practice provides sufficient evidence of the need for instructional assistants. Statewide, school districts relied on more than nineteen thousand classified instructional assistants, equal to nearly ten thousand full-time equivalent staff, during the 2006-07 school year. Therefore, the legislature intends to support instructional assistants by providing opportunities for high quality professional development to make them more effective partners in the classroom.

NEW SECTION. Sec. 2. A new section is added to chapter 28A.415 RCW to read as follows:

The office of the superintendent of public instruction, in consultation with various groups representing school district classified employees, shall develop and offer a training strand through the summer institutes and the winter conference targeted to classified instructional assistants and designed to help them maximize their effectiveness in improving student achievement.

NEW SECTION. Sec. 3. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the House February 13, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 66

[Substitute House Bill 2879]

SPYWARE—REGULATION

AN ACT Relating to spyware; amending RCW 19.270.010, 19.270.020, 19.270.040, 19.270.050, and 19.270.060; and repealing RCW 19.270.030.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 19.270.010 and 2005 c 500 s 1 are each amended to read as follows:

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

(1) "Advertisement" means a communication, the primary purpose of which is the commercial promotion of a commercial product or service, including a communication on an internet web site that is operated for a commercial purpose.

(2) "Computer software" means a sequence of instructions written in any programming language that is executed on a computer. "Computer software" does not include computer software that is a web page, or are data components of web pages that are not executable independently of the web page.

(3) "Damage" means any significant impairment to the integrity or availability of data, computer software, a system, or information.

(4) "Deceptive" means: (a) A materially false or fraudulent statement; or (b) a statement or description that omits or misrepresents material information in order to deceive an owner or operator.

(5) "Execute" means the performance of the functions or the carrying out of the instructions of the computer software.

~~((5) "Intentionally deceptive" means any of the following:~~

~~(a) An intentionally and materially false or fraudulent statement;~~

~~(b) A statement or description that intentionally omits or misrepresents material information in order to deceive an owner or operator; and~~

~~(c) An intentional and material failure to provide any notice to an owner or operator regarding the installation or execution of computer software in order to deceive the owner or operator.))~~

(6) "Internet" means the global information system that is logically linked together by a globally unique address space based on the internet protocol (IP), or its subsequent extensions, and that is able to support communications using the transmission control protocol/internet protocol (TCP/IP) suite, or its subsequent extensions, or other IP-compatible protocols, and that provides, uses, or makes accessible, either publicly or privately, high level services layered on the communications and related infrastructure described in this subsection.

(7) "Owner or operator" means the owner or lessee of a computer, or someone using such computer with the owner's or lessee's authorization. "Owner or operator" does not include any person who owns a computer before the first retail sale of such computer.

(8) "Person" means any individual, partnership, corporation, limited liability company, or other organization, or any combination thereof.

(9) "Personally identifiable information" means any of the following with respect to an individual who is an owner or operator:

- (a) First name or first initial in combination with last name;
- (b) A home or other physical address including street name;
- (c) An electronic mail address;

(d) A credit or debit card number, bank account number, or a password or access code associated with a credit or debit card or bank account;

(e) Social security number, tax identification number, driver's license number, passport number, or any other government-issued identification number; ~~((and))~~ or

(f) Any of the following information in a form that personally identifies an owner or operator:

- (i) Account balances;
- (ii) Overdraft history; ~~((and))~~ or
- (iii) Payment history.

(10) "Procure" means to knowingly, or with conscious avoidance of knowledge, pay or provide other consideration to, or induce, another person to transmit on one's behalf.

(11) "Transmit" means to knowingly, or with conscious avoidance of knowledge, transfer, send, or make available computer software, or any component thereof, via the internet or any other medium, including local area networks of computers, other nonwire transmission, and disc or other data storage device. "Transmit" does not include any action by a person providing:

(a) The internet connection, telephone connection, or other means of transmission capability ~~((such as a compact disk or digital video disk))~~ through which the software was made available;

(b) The storage or hosting of the software program or a web page through which the software was made available, unless the person providing the storage or hosting services knows or reasonably should know there is or will be a violation of this chapter, and participates in or ratifies the actions constituting the violation; or

(c) An information location tool, such as a directory, index reference, pointer, or hypertext link, through which the user of the computer located the software, unless such person receives a direct economic benefit from the execution of such software on the computer.

Sec. 2. RCW 19.270.020 and 2005 c 500 s 2 are each amended to read as follows:

It is unlawful for a person ~~((who is not an owner or operator to transmit computer software to the owner or operator's computer with actual knowledge or with conscious avoidance of actual knowledge and to use such software to do)),~~ without the authorization of the owner or operator, to transmit, or procure the transmission of, software to the owner or operator's computer with actual knowledge or conscious avoidance of actual knowledge that the software does any of the following:

(1) ~~((Modify))~~ Modifies, through ~~((intentionally))~~ deceptive means, settings that control any of the following:

(a) The page that appears when an owner or operator launches an internet browser or similar computer software used to access and navigate the internet;

(b) The default provider or web proxy the owner or operator uses to access or search the internet; ~~((and))~~

(c) The owner or operator's list of bookmarks used to access web pages; or

(d) The toolbars or buttons of the owner or operator's internet browser or similar computer software used to access and navigate the internet;

(2) Collects, through intentionally deceptive means, personally identifiable information(=

~~(a) Through the use of a keystroke logging function that records all keystrokes made by an owner or operator and transfers that information from the computer to another person;~~

~~(b) In a manner that correlates such information with data respecting all or substantially all of the web sites visited by an owner or operator, other than web sites operated by the person collecting such information; and~~

~~(c) Described in RCW 19.270.010(9) (d), (e), or (f)(i) or (ii) by extracting the information from the owner or operator's hard drive))~~ through the use of a keystroke-logging function or through extracting the information from the owner or operator's hard drive;

(3) Prevents, through intentionally deceptive means, an owner or operator's reasonable efforts to block the installation or execution of, or to disable, computer software ~~((by causing the software that the owner or operator has properly removed or disabled automatically to reinstall or reactivate on the computer));~~

(4) ~~((Intentionally))~~ Misrepresents that computer software will be uninstalled or disabled by an owner or operator's action; ~~((and))~~

(5) Through intentionally deceptive means, removes, disables, or renders inoperative security, antispyware, or antivirus computer software installed on the computer, or through intentionally deceptive means disables the ability of such computer software to update automatically;

(6) Accesses or uses the modem or internet service for such computer to cause damage to the computer or cause an owner or operator to incur financial charges for a service that is not authorized by the owner or operator;

(7) Opens multiple, sequential, stand-alone advertisements in the owner or operator's computer without the authorization of the owner or operator and that a reasonable computer user cannot close without turning off the computer or closing the internet browser;

(8) Uses the owner or operator's computer as part of an activity performed by a group of computers for the purpose of causing damage to another computer or person including, but not limited to, launching a denial of service attack;

(9) Transmits or relays commercial electronic mail or a computer virus from the owner or operator's computer, where the transmission or relaying is initiated by a person other than the owner or operator;

(10) Modifies any of the following settings related to the computer's access to, or use of, the internet:

(a) Settings that protect information about the owner or operator in order to make unauthorized use of the owner or operator's personally identifiable information; or

(b) Security settings in order to cause damage to a computer; or

(11) Prevents an owner or operator's reasonable efforts to block the installation of, or to disable, computer software by doing any of the following:

(a) Presenting the owner or operator with an option to decline installation of computer software and with knowledge or conscious avoidance of knowledge that when the option is selected the installation nevertheless proceeds; or

(b) Falsely representing that computer software has been disabled.

Sec. 3. RCW 19.270.040 and 2005 c 500 s 4 are each amended to read as follows:

It is unlawful for a person who is not an owner or operator to do any of the following with regard to the owner or operator's computer:

(1) Induce an owner or operator to install a computer software component onto the computer by ~~((intentionally))~~ deceptively misrepresenting the extent to which installing the software is necessary for maintenance, update, or repair of the computer or computer software, for security or privacy reasons ~~((or)), for the proper operation of the computer,~~ in order to open, view, or play a particular type of content; ~~((and))~~ or

(2) Induce an owner or operator to install a computer software component onto the computer by displaying a pop-up, web page, or other message that deceptively misrepresents the source of the message; or

(3) Deceptively cause the execution on the computer of a computer software component ~~((with the intent of causing))~~ that causes the owner or operator to use the component in a manner that violates any other provision of this section.

Sec. 4. RCW 19.270.050 and 2005 c 500 s 5 are each amended to read as follows:

(1) Neither RCW ~~((19.270.030 or))~~ 19.270.020 ~~(5) through (11) nor ~~((or))~~~~ 19.270.040 ~~((does not))~~ apply to any monitoring of, or interaction with, a subscriber's internet or other network connection or service, or a computer, by a telecommunications carrier, cable operator, computer hardware or software provider, or provider of information service or interactive computer service for network or computer security purposes, diagnostics, technical support, maintenance, repair, authorized updates of software or system firmware, authorized remote system management, or detection or prevention of the unauthorized use of or fraudulent or other illegal activities in connection with a network, service, or computer software, including scanning for and removing software under this chapter.

(2) This section shall not be construed to provide a defense to liability under the common law or any other state or federal law, nor shall it be construed as an affirmative grant of authority to engage in any of the activities listed in this section.

Sec. 5. RCW 19.270.060 and 2005 c 500 s 6 are each amended to read as follows:

(1) In addition to any other remedies provided by this chapter or any other provision of law, the attorney general, or a provider of computer software or owner of a web site or trademark who is adversely affected by reason of a violation of this chapter, and whose action arises directly out of such person's status as a provider or owner, may bring an action against a person who violates this chapter to enjoin further violations and to recover either actual damages or one hundred thousand dollars per violation, whichever is greater.

(2) In an action under subsection (1) of this section, a court may increase the damages up to three times the damages allowed under subsection (1) of this section if the defendant has engaged in a pattern and practice of violating this chapter. The court may also award costs and reasonable attorneys' fees to the prevailing party.

(3) The amount of damages determined under subsection (1) or (2) of this section may not exceed two million dollars.

NEW SECTION. Sec. 6. RCW 19.270.030 (Unlawful activities—Taking control of computer—Modification of computer's setting—Preventing installation of certain software) and 2005 c 500 s 3 are each repealed.

Passed by the House February 19, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 67

[House Bill 2949]

LIQUOR REVOLVING FUND—NONAPPROPRIATED EXPENSES

AN ACT Relating to designating nonappropriated expenses of the liquor control board paid from the liquor revolving fund; amending RCW 66.08.026; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 66.08.026 and 2005 c 151 s 2 are each amended to read as follows:

~~((All))~~ Administrative expenses of the board ~~((incurred on and after April 1, 1963,))~~ shall be appropriated and paid from the liquor revolving fund. These administrative expenses shall include, but not be limited to: The salaries and expenses of the board and its employees, the cost of ~~((establishing, leasing, maintaining, and operating))~~ opening additional state liquor stores and warehouses, legal services, pilot projects, annual or other audits, and other general costs of conducting the business of the board ~~((, and the costs of supplying, installing, and maintaining equipment used in state liquor stores and contract liquor stores for the purchase of liquor using debit or credit cards))~~. The administrative expenses shall not ~~((, however, be deemed to))~~ include costs of liquor and lottery tickets purchased, the cost of transportation and delivery to the

point of distribution, the cost of operating, maintaining, relocating, and leasing state liquor stores and warehouses, other costs pertaining to the acquisition and receipt of liquor and lottery tickets, (~~(packaging and repackaging of liquor,)~~) agency commissions for contract liquor stores, transaction fees associated with credit or debit card purchases for liquor in state liquor stores and in contract liquor stores pursuant to RCW 66.16.040 and 66.16.041, sales tax, and those amounts distributed pursuant to RCW 66.08.180, 66.08.190, 66.08.200, 66.08.210 and 66.08.220. Agency commissions for contract liquor stores shall be established by the liquor control board after consultation with and approval by the director of the office of financial management. All expenditures and payment of obligations authorized by this section are subject to the allotment requirements of chapter 43.88 RCW.

NEW SECTION. Sec. 2. This act takes effect July 1, 2009.

Passed by the House February 15, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 68

[Engrossed Substitute House Bill 2996]

ANTIFREEZE PRODUCTS—AVERSIVE AGENTS

AN ACT Relating to placing averse agents in antifreeze; and adding new sections to chapter 19.94 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. (1) Any engine coolant or antifreeze manufactured or distributed in the state of Washington after January 1, 2010, that contains more than ten percent ethylene glycol shall contain denatonium benzoate at a minimum of thirty parts per million and a maximum of fifty parts per million as an aversive agent so as to render the product unpalatable.

(2) The requirements of this section apply to manufacturers, packagers, distributors, recyclers, or sellers of engine coolant or antifreeze, but not to those who install engine coolant or antifreeze for compensation.

(3) A manufacturer of a product subject to sections 1 through 3 of this act shall maintain a record of the trade name, scientific name, and active ingredients of any aversive used under this section. The manufacturer shall make this information available to the public upon request.

NEW SECTION. Sec. 2. (1) A manufacturer, packager, distributor, recycler, or seller of an engine coolant or antifreeze that is required to contain an aversive agent as required by section 1 of this act shall not be liable for any personal injury, death, property damage, damage to the environment or a natural resource, or economic loss that results from the inclusion of denatonium benzoate in engine coolant or antifreeze.

(2) The limitation of liability provided in subsection (1) of this section does not apply to a particular liability that is not caused or is unrelated to the inclusion of denatonium benzoate in engine coolant or antifreeze.

NEW SECTION. Sec. 3. The requirements of sections 1 through 3 of this act shall not apply to the sale of a motor vehicle that contains engine coolant or antifreeze or to wholesale containers of fifty-five gallons or more of engine coolant or antifreeze.

NEW SECTION. Sec. 4. Sections 1 through 3 of this act are each added to chapter 19.94 RCW.

Passed by the House February 15, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 69

[House Bill 2999]

CHIEF FOR A DAY PROGRAM

AN ACT Relating to the "chief for a day" program; amending RCW 43.101.010 and 43.101.080; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that the Washington state criminal justice commission's participation in charitable work, such as the "chief for a day" program that provides special attention to chronically ill children through recognition by various law enforcement agencies within the state, advances the overall purposes of the commission by promoting positive relationships between law enforcement and the citizens of the state of Washington.

Sec. 2. RCW 43.101.010 and 2003 c 39 s 27 are each amended to read as follows:

When used in this chapter:

(1) The term "commission" means the Washington state criminal justice training commission.

(2) The term "boards" means the education and training standards boards, the establishment of which are authorized by this chapter.

(3) The term "criminal justice personnel" means any person who serves in a county, city, state, or port commission agency engaged in crime prevention, crime reduction, or enforcement of the criminal law.

(4) The term "law enforcement personnel" means any public employee or volunteer having as a primary function the enforcement of criminal laws in general or any employee or volunteer of, or any individual commissioned by, any municipal, county, state, or combination thereof, agency having as its primary function the enforcement of criminal laws in general as distinguished from an agency possessing peace officer powers, the primary function of which is the implementation of specialized subject matter areas. For the purposes of this subsection "primary function" means that function to which the greater allocation of resources is made.

(5) The term "correctional personnel" means any employee or volunteer who by state, county, municipal, or combination thereof, statute has the responsibility for the confinement, care, management, training, treatment,

education, supervision, or counseling of those individuals whose civil rights have been limited in some way by legal sanction.

(6) "Chief for a day program" means a program in which commissioners and staff partner with local, state, and federal law enforcement agencies, hospitals, and the community to provide a day of special attention to chronically ill children. Each child is selected and sponsored by a law enforcement agency. The event, "chief for a day," occurs on one day, annually or every other year and may occur on the grounds and in the facilities of the commission. The program may include any appropriate honoring of the child as a "chief," such as a certificate swearing them in as a chief, a badge, a uniform, and donated gifts such as games, puzzles, and art supplies.

(7) A peace officer is "convicted" at the time a plea of guilty has been accepted, or a verdict of guilty or finding of guilt has been filed, notwithstanding the pendency of any future proceedings, including but not limited to sentencing, posttrial or postfact-finding motions and appeals. "Conviction" includes a deferral of sentence and also includes the equivalent disposition by a court in a jurisdiction other than the state of Washington.

~~((7))~~ (8) "Discharged for disqualifying misconduct" means terminated from employment for: (a) Conviction of (i) any crime committed under color of authority as a peace officer, (ii) any crime involving dishonesty or false statement within the meaning of Evidence Rule 609(a), (iii) the unlawful use or possession of a controlled substance, or (iv) any other crime the conviction of which disqualifies a Washington citizen from the legal right to possess a firearm under state or federal law; (b) conduct that would constitute any of the crimes addressed in (a) of this subsection; or (c) knowingly making materially false statements during disciplinary investigations, where the false statements are the sole basis for the termination.

~~((8))~~ (9) A peace officer is "discharged for disqualifying misconduct" within the meaning of subsection ~~((7))~~ (8) of this section under the ordinary meaning of the term and when the totality of the circumstances support a finding that the officer resigned in anticipation of discipline, whether or not the misconduct was discovered at the time of resignation, and when such discipline, if carried forward, would more likely than not have led to discharge for disqualifying misconduct within the meaning of subsection ~~((7))~~ (8) of this section.

~~((9))~~ (10) When used in context of proceedings referred to in this chapter, "final" means that the peace officer has exhausted all available civil service appeals, collective bargaining remedies, and all other such direct administrative appeals, and the officer has not been reinstated as the result of the action. Finality is not affected by the pendency or availability of state or federal administrative or court actions for discrimination, or by the pendency or availability of any remedies other than direct civil service and collective bargaining remedies.

~~((10))~~ (11) "Peace officer" means any law enforcement personnel subject to the basic law enforcement training requirement of RCW 43.101.200 and any other requirements of that section, notwithstanding any waiver or exemption granted by the commission, and notwithstanding the statutory exemption based on date of initial hire under RCW 43.101.200. Commissioned officers of the Washington state patrol, whether they have been or may be exempted by rule of

the commission from the basic training requirement of RCW 43.101.200, are included as peace officers for purposes of this chapter. Fish and wildlife officers with enforcement powers for all criminal laws under RCW 77.15.075 are peace officers for purposes of this chapter.

Sec. 3. RCW 43.101.080 and 2005 c 434 s 1 are each amended to read as follows:

The commission shall have all of the following powers:

- (1) To meet at such times and places as it may deem proper;
- (2) To adopt any rules and regulations as it may deem necessary;
- (3) To contract for services as it deems necessary in order to carry out its duties and responsibilities;
- (4) To cooperate with and secure the cooperation of any department, agency, or instrumentality in state, county, and city government, and other commissions affected by or concerned with the business of the commission;
- (5) To do any and all things necessary or convenient to enable it fully and adequately to perform its duties and to exercise the power granted to it;
- (6) To select and employ an executive director, and to empower him to perform such duties and responsibilities as it may deem necessary;
- (7) To assume legal, fiscal, and program responsibility for all training conducted by the commission;
- (8) To establish, by rule and regulation, standards for the training of criminal justice personnel where such standards are not prescribed by statute;
- (9) To own, establish, and operate, or to contract with other qualified institutions or organizations for the operation of, training and education programs for criminal justice personnel and to purchase, lease, or otherwise acquire, subject to the approval of the department of general administration, a training facility or facilities necessary to the conducting of such programs;
- (10) To establish, by rule and regulation, minimum curriculum standards for all training programs conducted for employed criminal justice personnel;
- (11) To review and approve or reject standards for instructors of training programs for criminal justice personnel, and to employ personnel on a temporary basis as instructors without any loss of employee benefits to those instructors;
- (12) To direct the development of alternative, innovate, and interdisciplinary training techniques;
- (13) To review and approve or reject training programs conducted for criminal justice personnel and rules establishing and prescribing minimum training and education standards recommended by the training standards and education boards;
- (14) To allocate financial resources among training and education programs conducted by the commission;
- (15) To allocate training facility space among training and education programs conducted by the commission;
- (16) To issue diplomas certifying satisfactory completion of any training or education program conducted or approved by the commission to any person so completing such a program;
- (17) To provide for the employment of such personnel as may be practical to serve as temporary replacements for any person engaged in a basic training program as defined by the commission;

(18) To establish rules and regulations recommended by the training standards and education boards prescribing minimum standards relating to physical, mental and moral fitness which shall govern the recruitment of criminal justice personnel where such standards are not prescribed by statute or constitutional provision;

(19) To require that each applicant that has been offered a conditional offer of employment as a fully commissioned peace officer or a fully commissioned reserve officer take and successfully pass a psychological examination and a polygraph test or similar assessment procedure as administered by county, city, or state law enforcement agencies as a condition of employment as a peace officer. The psychological examination and the polygraph examination shall be administered in accordance with the requirements of RCW 43.101.095(2). The employing county, city, or state law enforcement agency may require that each peace officer or reserve officer who is required to take a psychological examination and a polygraph or similar test pay a portion of the testing fee based on the actual cost of the test or four hundred dollars, whichever is less. County, city, and state law enforcement agencies may establish a payment plan if they determine that the peace officer or reserve officer does not readily have the means to pay for his or her portion of the testing fee;

(20) To promote positive relationships between law enforcement and the citizens of the state of Washington by allowing commissioners and staff to participate in the "chief for a day program." The executive director shall designate staff who may participate. In furtherance of this purpose, the commission may accept grants of funds and gifts and may use its public facilities for such purpose. At all times, the participation of commissioners and staff shall comply with chapter 42.52 RCW and chapter 292-110 WAC.

All rules and regulations adopted by the commission shall be adopted and administered pursuant to the administrative procedure act, chapter 34.05 RCW, and the open public meetings act, chapter 42.30 RCW.

Passed by the House February 12, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 70

[Substitute House Bill 2885]

INDUSTRIAL INSURANCE—GEODUCK HARVESTERS

AN ACT Relating to industrial insurance for geoduck harvesters; amending RCW 51.12.100; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 51.12.100 and 2007 c 324 s 1 are each amended to read as follows:

(1) Except as otherwise provided in this section, the provisions of this title shall not apply to a master or member of a crew of any vessel, or to employers and workers for whom a right or obligation exists under the maritime laws or federal employees' compensation act for personal injuries or death of such workers.

(2) If an accurate segregation of payrolls of workers for whom such a right or obligation exists under the maritime laws cannot be made by the employer, the director is hereby authorized and directed to fix from time to time a basis for the approximate segregation of the payrolls of employees to cover the part of their work for which no right or obligation exists under the maritime laws for injuries or death occurring in such work, and the employer, if not a self-insurer, shall pay premiums on that basis for the time such workers are engaged in their work.

(3) Where two or more employers are simultaneously engaged in a common enterprise at one and the same site or place in maritime occupations under circumstances in which no right or obligation exists under the maritime laws for personal injuries or death of such workers, such site or place shall be deemed for the purposes of this title to be the common plant of such employers.

(4) In the event payments are made both under this title and under the maritime laws or federal employees' compensation act, such benefits paid under this title shall be repaid by the worker or beneficiary. For any claims made under the Jones Act, the employer is deemed a third party, and the injured worker's cause of action is subject to RCW 51.24.030 through 51.24.120.

(5) Commercial divers harvesting geoduck clams under an agreement made pursuant to RCW 79.135.210(~~(, workers tending to such divers,)~~) and the employers of such divers (~~(and tenders)~~) shall be subject to the provisions of this title whether or not such work is performed from a vessel.

NEW SECTION. Sec. 2. This act takes effect January 1, 2009.

Passed by the House February 14, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 18, 2008.

Filed in Office of Secretary of State March 19, 2008.

CHAPTER 71

[Senate Bill 6447]

MILITARY FAMILY LEAVE

AN ACT Relating to allowing unpaid leaves of absence for military personnel needs; amending RCW 38.40.060; and adding a new chapter to Title 49 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. In order to support the families of military personnel serving in military conflicts, and to assure that these families are able to spend time together after being notified of an impending call or order to active duty and before deployment and during a military member's leave from deployment, the legislature hereby creates the military family leave act.

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

(1) "Department" and "spouse" have the same meanings as in RCW 49.78.020.

(2) "Employee" means a person who performs service for hire for an employer, for an average of twenty or more hours per week, and includes all individuals employed at any site owned or operated by an employer, but does not include an independent contractor.

(3) "Employer" means: (a) Any person, firm, corporation, partnership, business trust, legal representative, or other business entity which engages in any business, industry, profession, or activity in this state; (b) the state, state institutions, and state agencies; and (c) any unit of local government including, but not limited to, a county, city, town, municipal corporation, quasi-municipal corporation, or political subdivision.

(4) "Period of military conflict" means a period of war declared by the United States Congress, declared by executive order of the president, or in which a member of a reserve component of the armed forces is ordered to active duty pursuant to either sections 12301 and 12302 of Title 10 of the United States Code or Title 32 of the United States Code.

NEW SECTION. Sec. 3. (1) During a period of military conflict, an employee who is the spouse of a member of the armed forces of the United States, national guard, or reserves who has been notified of an impending call or order to active duty or has been deployed is entitled to a total of fifteen days of unpaid leave per deployment after the military spouse has been notified of an impending call or order to active duty and before deployment or when the military spouse is on leave from deployment.

(2) An employee who takes leave under this chapter is entitled: (a) To be restored to a position of employment in the same manner as an employee entitled to leave under chapter 49.78 RCW is restored to a position of employment, as specified in RCW 49.78.280; and (b) to continue benefits in the same manner as an employee entitled to leave under chapter 49.78 RCW continues benefits, as specified in RCW 49.78.290.

(3) An employee who seeks to take leave under this chapter must provide the employer with notice, within five business days of receiving official notice of an impending call or order to active duty or of a leave from deployment, of the employee's intention to take leave under this chapter.

(4) An employer from which an employee seeks to take leave or takes leave under this chapter shall not engage in prohibited acts as specified in RCW 49.78.300.

(5) An employee who takes leave under this chapter may elect to substitute any of the accrued leave to which the employee may be entitled for any part of the leave provided under this chapter.

(6) The department shall administer the provisions of this chapter, and may adopt rules as necessary to implement this chapter.

(7) This chapter shall be enforced as provided in chapter 49.78 RCW.

NEW SECTION. Sec. 4. Sections 1 through 3 of this act constitute a new chapter in Title 49 RCW.

Sec. 5. RCW 38.40.060 and 2001 c 71 s 1 are each amended to read as follows:

Every officer and employee of the state or of any county, city, or other political subdivision thereof who is a member of the Washington national guard or of the army, navy, air force, coast guard, or marine corps reserve of the United States, or of any organized reserve or armed forces of the United States shall be entitled to and shall be granted military leave of absence from such employment for a period not exceeding (~~fifteen~~) twenty-one days during each year beginning October 1st and ending the following September 30th. Such leave

shall be granted in order that the person may report for active duty, when called, or take part in active training duty in such manner and at such time as he or she may be ordered to active duty or active training duty. Such military leave of absence shall be in addition to any vacation or sick leave to which the officer or employee might otherwise be entitled, and shall not involve any loss of efficiency rating, privileges, or pay. During the period of military leave, the officer or employee shall receive from the state, or the county, city, or other political subdivision, his or her normal pay.

Passed by the Senate March 10, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 19, 2008.

Filed in Office of Secretary of State March 20, 2008.

CHAPTER 72

[Substitute Senate Bill 6678]

ARMED FORCES LICENSE PLATES

AN ACT Relating to special license plates for parents of United States armed forces members who have died while in service to his or her country or as a result of such service; amending RCW 46.16.725; reenacting and amending RCW 46.16.305; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 46.16.305 and 1997 c 291 s 6 and 1997 c 241 s 10 are each reenacted and amended to read as follows:

The department shall continue to issue the categories of special plates issued by the department under the sections repealed under section 12 (1) through (7), chapter 250, Laws of 1990. Special license plates issued under those repealed sections before January 1, 1991, are valid to the extent and under the conditions provided in those repealed sections. The following conditions, limitations, or requirements apply to certain special license plates issued after January 1, 1991:

(1) A horseless carriage plate and a plate or plates issued for collectors' vehicles more than thirty years old, upon payment of the initial fees required by law and the additional special license plate fee established by the department, are valid for the life of the vehicle for which application is approved by the department. When a single plate is issued, it shall be displayed on the rear of the vehicle.

(2) The department may issue special license plates denoting amateur radio operator status only to persons having a valid official radio operator license issued by the federal communications commission.

(3) The department shall issue one set of special license plates to each resident of this state who has been awarded the Congressional Medal of Honor for use on a passenger vehicle registered to that person. The department shall issue the plate without the payment of licensing fees and motor vehicle excise tax.

(4) The department may issue for use on only one motor vehicle owned by the qualified applicant special license plates denoting that the recipient of the plate is a survivor of the attack on Pearl Harbor on December 7, 1941, to persons meeting all of the following criteria:

(a) Is a resident of this state;

(b) Was a member of the United States Armed Forces on December 7, 1941;

(c) Was on station on December 7, 1941, during the hours of 7:55 a.m. to 9:45 a.m. Hawaii time at Pearl Harbor, the island of Oahu, or offshore at a distance not to exceed three miles;

(d) Received an honorable discharge from the United States Armed Forces; and

(e) Is certified by a Washington state chapter of the Pearl Harbor survivors association as satisfying the qualifications in (c) of this subsection.

The department may issue such plates to the surviving spouse of any deceased Pearl Harbor survivor who met the requirements of this subsection. If the surviving spouse remarries, he or she shall return the special plates to the department within fifteen days and apply for regular plates. The surviving spouse must be a resident of this state.

The department shall issue these plates upon payment by the applicant of all other license fees, but the department may not set or charge an additional fee for these special license plates.

(5) Effective with registrations that are due or become due on or after January 1, 2009, the department may issue for use on motor vehicles owned by the qualified applicant special license plates denoting that the recipient of the plate is a parent of a member of the United States armed forces who died while in service to his or her country or as a result of such service to persons meeting all of the following criteria:

(a) Is a resident of this state; and

(b) Is a mother or father of a member of the United States armed forces who died while in service to his or her country or who died as a result of such service, as certified by the Washington state department of veterans affairs.

The department shall issue these plates upon payment by the applicant of all other license fees, but the department may not set or charge an additional fee for these special plates.

(6) The department shall replace, free of charge, special license plates issued under subsections (3) (~~and (4)~~) through (5) of this section if they are lost, stolen, damaged, defaced, or destroyed. Such plates shall remain with the persons upon transfer or other disposition of the vehicle for which they were initially issued, and may be used on another vehicle registered to the recipient in accordance with the provisions of RCW 46.16.316(1).

Sec. 2. RCW 46.16.725 and 2007 c 518 s 711 are each amended to read as follows:

(1) The creation of the board does not in any way preclude the authority of the legislature to independently propose and enact special license plate legislation.

(2) The board must review and either approve or reject special license plate applications submitted by sponsoring organizations.

(3) Duties of the board include but are not limited to the following:

(a) Review and approve the annual financial reports submitted by sponsoring organizations with active special license plate series and present those annual financial reports to the senate and house transportation committees;

(b) Report annually to the senate and house transportation committees on the special license plate applications that were considered by the board;

(c) Issue approval and rejection notification letters to sponsoring organizations, the department, the chairs of the senate and house of

representatives transportation committees, and the legislative sponsors identified in each application. The letters must be issued within seven days of making a determination on the status of an application;

(d) Review annually the number of plates sold for each special license plate series created after January 1, 2003. The board may submit a recommendation to discontinue a special plate series to the chairs of the senate and house of representatives transportation committees;

(e) Provide policy guidance and directions to the department concerning the adoption of rules necessary to limit the number of special license plates that an organization or a governmental entity may apply for.

(4) Except as provided in this act, in order to assess the effects and impact of the proliferation of special license plates, the legislature declares a temporary moratorium on the issuance of any additional plates until July 1, 2009. During this period of time, the special license plate review board created in RCW 46.16.705 and the department of licensing are prohibited from accepting, reviewing, processing, or approving any applications. Additionally, no special license plate may be enacted by the legislature during the moratorium, unless the proposed license plate has been approved by the board before February 15, 2005.

NEW SECTION. Sec. 3. Section 1 of this act is exempt from the requirements of RCW 46.16.775.

Passed by the Senate February 16, 2008.

Passed by the House March 7, 2008.

Approved by the Governor March 19, 2008.

Filed in Office of Secretary of State March 20, 2008.

CHAPTER 73

[House Bill 2448]

CAMPAIGN FINANCE REPORTS

AN ACT Relating to the time frame covered by the twenty-one day preelection campaign finance reports; and amending RCW 42.17.080.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 42.17.080 and 2006 c 344 s 30 are each amended to read as follows:

(1) On the day the treasurer is designated, each candidate or political committee shall file with the commission and the county auditor or elections officer of the county in which the candidate resides, or in the case of a political committee, the county in which the treasurer resides, in addition to any statement of organization required under RCW 42.17.040 or 42.17.050, a report of all contributions received and expenditures made prior to that date, if any.

(2) At the following intervals each treasurer shall file with the commission and the county auditor or elections officer of the county in which the candidate resides, or in the case of a political committee, the county in which the committee maintains its office or headquarters, and if there is no office or headquarters then in the county in which the treasurer resides, a report containing the information required by RCW 42.17.090:

(a) On the twenty-first day and the seventh day immediately preceding the date on which the election is held; and

(b) On the tenth day of the first month after the election; and

(c) On the tenth day of each month in which no other reports are required to be filed under this section: PROVIDED, That such report shall only be filed if the committee has received a contribution or made an expenditure in the preceding calendar month and either the total contributions received or total expenditures made since the last such report exceed two hundred dollars.

When there is no outstanding debt or obligation, and the campaign fund is closed, and the campaign is concluded in all respects, and in the case of a political committee, the committee has ceased to function and has dissolved, the treasurer shall file a final report. Upon submitting a final report, the duties of the treasurer shall cease and there shall be no obligation to make any further reports.

The report filed twenty-one days before the election shall report all contributions received and expenditures made as of the end of the ~~((fifth))~~ one business day before the date of the report. The report filed seven days before the election shall report all contributions received and expenditures made as of the end of the one business day before the date of the report. Reports filed on the tenth day of the month shall report all contributions received and expenditures made from the closing date of the last report filed through the last day of the month preceding the date of the current report.

(3) For the period beginning the first day of the fourth month preceding the date on which the special election is held, or for the period beginning the first day of the fifth month before the date on which the general election is held, and ending on the date of that special or general election, each Monday the treasurer shall file with the commission and the appropriate county elections officer a report of each bank deposit made during the previous seven calendar days. The report shall contain the name of each person contributing the funds so deposited and the amount contributed by each person. However, contributions of no more than twenty-five dollars in the aggregate from any one person may be deposited without identifying the contributor. A copy of the report shall be retained by the treasurer for his or her records. In the event of deposits made by a deputy treasurer, the copy shall be forwarded to the treasurer for his or her records. Each report shall be certified as correct by the treasurer or deputy treasurer making the deposit.

(4) If a city requires that candidates or committees for city offices file reports with a city agency, the candidate or treasurer so filing need not also file the report with the county auditor or elections officer.

(5) The treasurer or candidate shall maintain books of account accurately reflecting all contributions and expenditures on a current basis within five business days of receipt or expenditure. During the eight days immediately preceding the date of the election the books of account shall be kept current within one business day. As specified in the committee's statement of organization filed under RCW 42.17.040, the books of account must be open for public inspection by appointment at the designated place for inspections between 8:00 a.m. and 8:00 p.m. on any day from the eighth day immediately before the election through the day immediately before the election, other than Saturday, Sunday, or a legal holiday. It is a violation of this chapter for a candidate or political committee to refuse to allow and keep an appointment for an inspection to be conducted during these authorized times and days. The appointment must

be allowed at an authorized time and day for such inspections that is within twenty-four hours of the time and day that is requested for the inspection.

(6) The treasurer or candidate shall preserve books of account, bills, receipts, and all other financial records of the campaign or political committee for not less than five calendar years following the year during which the transaction occurred.

(7) All reports filed pursuant to subsection (1) or (2) of this section shall be certified as correct by the candidate and the treasurer.

(8) Copies of all reports filed pursuant to this section shall be readily available for public inspection for at least two consecutive hours Monday through Friday, excluding legal holidays, between 8:00 a.m. and 8:00 p.m., as specified in the committee's statement of organization filed pursuant to RCW 42.17.040, at the principal headquarters or, if there is no headquarters, at the address of the treasurer or such other place as may be authorized by the commission.

(9) After January 1, 2002, a report that is filed with the commission electronically need not also be filed with the county auditor or elections officer.

(10) The commission shall adopt administrative rules establishing requirements for filer participation in any system designed and implemented by the commission for the electronic filing of reports.

Passed by the House February 1, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 19, 2008.

Filed in Office of Secretary of State March 20, 2008.

CHAPTER 74

[House Bill 2955]

CRIMINAL HISTORY INFORMATION

AN ACT Relating to identifying specific programs that are able to have access to criminal history record information; amending RCW 50.12.010 and 43.101.095; adding a new section to chapter 51.04 RCW; adding a new section to chapter 74.04 RCW; adding a new section to chapter 43.20A RCW; adding a new section to chapter 46.01 RCW; adding a new section to chapter 19.86 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds it necessary to provide the authority to allow specific units within the agencies affected by this act to access criminal history information for certified criminal justice purposes. For the agencies indicated in sections 2 through 7 of this act, the accessing of this information is for investigative purposes so that the agencies are able to efficiently address areas of potential fraud and abuse and to maintain the safety of investigative staff. For the agency responsible for administering and enforcing section 8 of this act, accessing this information is necessary for any purpose associated with employment by the commission or peace officer certification.

NEW SECTION. Sec. 2. A new section is added to chapter 51.04 RCW to read as follows:

(1) There is established an investigation unit within the department for the purpose of detection, investigation, and prosecution of any act prohibited or

declared to be unlawful under this title. The director will employ supervisory and investigative personnel for the program, who must be qualified by training and experience.

(2) The director and the investigation unit are authorized to receive criminal history record information that includes nonconviction data for any purpose associated with the investigation, abuse, fraud, or suitability for involvement of persons under Title 51 RCW. Dissemination or use of nonconviction data for purposes other than that authorized in this section is prohibited.

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

There is established a unit within the department for the purpose of detection, investigation, and prosecution of any act prohibited or declared to be unlawful in the programs administered by the department. The secretary will employ qualified supervisory, legal, and investigative personnel for the program. Program staff must be qualified by training and experience.

NEW SECTION. Sec. 4. A new section is added to chapter 43.20A RCW to read as follows:

The secretary is authorized to receive criminal history record information that includes nonconviction data for any purpose associated with an investigation under chapter 74.04 RCW. Dissemination or use of nonconviction data for purposes other than that authorized in this section is prohibited.

Sec. 5. RCW 50.12.010 and 1977 c 75 s 75 are each amended to read as follows:

(1) The commissioner shall administer this title. He shall have the power and authority to adopt, amend, or rescind such rules and regulations, to employ such persons, make such expenditures, require such reports, make such investigations, and take such other action as he deems necessary or suitable to that end. Such rules and regulations shall be effective upon publication and in the manner, not inconsistent with the provisions of this title, which the commissioner shall prescribe. The commissioner, in accordance with the provisions of this title, shall determine the organization and methods of procedure of the divisions referred to in this title, and shall have an official seal which shall be judicially noticed. The commissioner shall submit to the governor a report covering the administration and operation of this title during the preceding fiscal year, July 1 through June 30, and shall make such recommendations for amendments to this title as he deems proper. Such report shall include a balance sheet of the moneys in the fund in which there shall be provided, if possible, a reserve against the liability in future years to pay benefits in excess of the then current contributions, which reserve shall be set up by the commissioner in accordance with accepted actuarial principles on the basis of statistics of employment, business activity, and other relevant factors for the longest possible period. Whenever the commissioner believes that a change in contribution or benefit rates will become necessary to protect the solvency of the fund, he shall promptly so inform the governor and legislature and make recommendations with respect thereto.

(2) There is established a unit within the department for the purpose of detection and investigation of fraud under this title. The department will employ supervisory and investigative personnel for the program, who must be qualified by training and experience.

(3) The commissioner or the commissioner's duly authorized designee is authorized to receive criminal history record information that includes nonconviction data for any purpose associated with the investigation for abuse or fraud under chapter 50.20 RCW. Dissemination or use of nonconviction data for purposes other than that authorized in this section is prohibited.

NEW SECTION. Sec. 6. A new section is added to chapter 46.01 RCW to read as follows:

(1) There is established an investigation unit within the department for the purpose of detection, investigation, and prosecution of any act prohibited or declared to be unlawful in the programs administered by the department. The director will employ qualified supervisory, legal, and investigative personnel for the program. Program staff must be qualified by training and experience.

(2) The director and the investigation unit are authorized to receive criminal history record information that includes nonconviction data for any purpose associated with an investigation conducted by the investigation unit established under this section. Dissemination or use of nonconviction data for purposes other than that authorized in this section is prohibited.

NEW SECTION. Sec. 7. A new section is added to chapter 19.86 RCW to read as follows:

There is established a unit within the office of the attorney general for the purpose of detection, investigation, and prosecution of any act prohibited or declared to be unlawful under this chapter. The attorney general will employ supervisory, legal, and investigative personnel for the program, who must be qualified by training and experience. The attorney general is authorized to receive criminal history record information that includes nonconviction data for any purpose associated with the investigation of any person doing any act herein prohibited or declared to be unlawful under this chapter. Dissemination or use of nonconviction data for purposes other than that authorized in this section is prohibited.

Sec. 8. RCW 43.101.095 and 2005 c 434 s 2 are each amended to read as follows:

(1) As a condition of continuing employment as peace officers, all Washington peace officers: (a) Shall timely obtain certification as peace officers, or timely obtain certification or exemption therefrom, by meeting all requirements of RCW 43.101.200, as that section is administered under the rules of the commission, as well by meeting any additional requirements under this chapter; and (b) shall maintain the basic certification as peace officers under this chapter.

(2)(a) As a condition of continuing employment for any applicant that has been offered a conditional offer of employment as a fully commissioned peace officer or a reserve officer after July 24, 2005, including any person whose certification has lapsed as a result of a break of more than twenty-four consecutive months in the officer's service as a fully commissioned peace officer or reserve officer, the applicant shall successfully pass a psychological

examination and a polygraph or similar test as administered by the county, city, or state law enforcement agency that complies with the following requirements:

(i) The psychological examination shall be administered by a psychiatrist licensed in the state of Washington pursuant to chapter 18.71 RCW or a psychologist licensed in the state of Washington pursuant to chapter 18.83 RCW. The examination shall consist of, at a minimum, a standardized clinical test that is widely used as an objective clinical screening tool for personality and psychosocial disorders. The test that is used and the conditions under which the test is administered, scored, and interpreted must comply with accepted psychological standards. Additional tests may be administered at the option of the employing law enforcement agency.

(ii) The polygraph examination or similar assessment shall be administered by an experienced polygrapher who is a graduate of a polygraph school accredited by the American polygraph association.

(b) The employing county, city, or state law enforcement agency may require that each peace officer or reserve officer who is required to take a psychological examination and a polygraph or similar test pay a portion of the testing fee based on the actual cost of the test or four hundred dollars, whichever is less. County, city, and state law enforcement agencies may establish a payment plan if they determine that the peace officer or reserve officer does not readily have the means to pay for his or her portion of the testing fee.

(3) The commission shall certify peace officers who have satisfied, or have been exempted by statute or by rule from, the basic training requirements of RCW 43.101.200 on or before January 1, 2002. Thereafter, the commission may revoke certification pursuant to this chapter.

(4) The commission shall allow a peace officer to retain status as a certified peace officer as long as the officer: (a) Timely meets the basic law enforcement training requirements, or is exempted therefrom, in whole or in part, under RCW 43.101.200 or under rule of the commission; (b) meets or is exempted from any other requirements under this chapter as administered under the rules adopted by the commission; (c) is not denied certification by the commission under this chapter; and (d) has not had certification revoked by the commission.

(5) As a prerequisite to certification, as well as a prerequisite to pursuit of a hearing under RCW 43.101.155, a peace officer must, on a form devised or adopted by the commission, authorize the release to the commission of his or her personnel files, termination papers, criminal investigation files, or other files, papers, or information that are directly related to a certification matter or decertification matter before the commission.

(6) The commission is authorized to receive criminal history record information that includes nonconviction data for any purpose associated with employment by the commission or peace officer certification under this chapter. Dissemination or use of nonconviction data for purposes other than that authorized in this section is prohibited.

(7) For a national criminal history records check, the commission shall require fingerprints be submitted and searched through the Washington state patrol identification and criminal history section. The Washington state patrol shall forward the fingerprints to the federal bureau of investigation.

Passed by the House February 12, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 19, 2008.
Filed in Office of Secretary of State March 20, 2008.

CHAPTER 75

[Substitute Senate Bill 6060]

UNLAWFUL DETAINER ACTIONS

AN ACT Relating to unlawful detainer actions based on nonpayment of rent; and amending RCW 59.18.365 and 59.18.375.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 59.18.365 and 2006 c 51 s 1 are each amended to read as follows:

(1) The summons must contain the names of the parties to the proceeding, the attorney or attorneys if any, the court in which the same is brought, the nature of the action, in concise terms, and the relief sought, and also the return day; and must notify the defendant to appear and answer within the time designated or that the relief sought will be taken against him or her. The summons must contain a street address for service of the notice of appearance or answer and, if available, a facsimile number for the plaintiff or the plaintiff's attorney, if represented. The summons must be served and returned in the same manner as a summons in other actions is served and returned.

(2) A defendant may serve a copy of an answer or notice of appearance(~~and if required by the summons, the sworn statement regarding nonpayment of rent described in RCW 59.18.375,~~) by any of the following methods:

(a) By delivering a copy of the answer or notice of appearance to the person who signed the summons at the street address listed on the summons;

(b) By mailing a copy of the answer or notice of appearance addressed to the person who signed the summons to the street address listed on the summons;

(c) By facsimile to the facsimile number listed on the summons. Service by facsimile is complete upon successful transmission to the facsimile number listed upon the summons;

(d) As otherwise authorized by the superior court civil rules.

(3) The summons for unlawful detainer actions for tenancies covered by this chapter shall be substantially in the following form(~~—In unlawful detainer actions based on nonpayment of rent, the summons may contain the provisions authorized by RCW 59.18.375—~~):

IN THE SUPERIOR COURT OF THE
STATE OF WASHINGTON IN AND FOR COUNTY

Plaintiff,

vs.

Defendant.

}
}
}

NO.

EVICITION SUMMONS
(Residential)

THIS IS NOTICE OF A LAWSUIT TO EVICT YOU.
PLEASE READ IT CAREFULLY. THE DEADLINE FOR YOUR
WRITTEN RESPONSE IS: 5:00 p.m., on

TO: (Name)
. (Address)

This is notice of a lawsuit to evict you from the property which you are renting. Your landlord is asking the court to terminate your tenancy, direct the sheriff to remove you and your belongings from the property, enter a money judgment against you for unpaid rent and/or damages for your use of the property, and for court costs and attorneys' fees.

If you want to defend yourself in this lawsuit, you must respond to the eviction complaint in writing on or before the deadline stated above. You must respond in writing even if no case number has been assigned by the court yet.

You can respond to the complaint in writing by delivering a copy of a notice of appearance or answer to your landlord's attorney (or your landlord if there is no attorney) by personal delivery, mailing, or facsimile to the address or facsimile number stated below **TO BE RECEIVED NO LATER THAN THE DEADLINE STATED ABOVE**. Service by facsimile is complete upon successful transmission to the facsimile number, if any, listed in the summons.

The notice of appearance or answer must include the name of this case (plaintiff(s) and defendant(s)), your name, the street address where further legal papers may be sent, your telephone number (if any), and your signature.

If there is a number on the upper right side of the eviction summons and complaint, you must also file your original notice of appearance or answer with the court clerk by the deadline for your written response.

You may demand that the plaintiff file this lawsuit with the court. If you do so, the demand must be in writing and must be served upon the person signing the summons. Within fourteen days after you serve the demand, the plaintiff must file this lawsuit with the court, or the service on you of this summons and complaint will be void.

If you wish to seek the advice of an attorney in this matter, you should do so promptly so that your written response, if any, may be served on time.

You may also be instructed in a separate order to appear for a court hearing on your eviction. If you receive an order to show cause you must personally appear at the hearing on the date indicated in the order to show cause **IN ADDITION** to delivering and filing your notice of appearance or answer by the deadline stated above.

IF YOU DO NOT RESPOND TO THE COMPLAINT IN WRITING
BY THE DEADLINE STATED ABOVE YOU WILL LOSE BY
DEFAULT. YOUR LANDLORD MAY PROCEED WITH THE
LAWSUIT, EVEN IF YOU HAVE MOVED OUT OF THE
PROPERTY.

The notice of appearance or answer must be delivered to:

.....
 Name

 Street Address

 Telephone Number

 Facsimile Number (Required
 if Available)

Sec. 2. RCW 59.18.375 and 2006 c 51 s 2 are each amended to read as follows:

(1) The procedures and remedies provided by this section are optional and in addition to other procedures and remedies provided by this chapter.

(2) In an action of forcible entry, detainer, or unlawful detainer, commenced under this chapter which is based upon nonpayment of rent as provided in RCW 59.12.030(3), the defendant shall pay into the court registry the amount alleged due in the ~~((complaint))~~ notice described in this section and continue to pay into the court registry the monthly rent as it becomes due under the terms of the rental agreement while the action is pending. Such payment is not required if the defendant submits to the court a written statement signed and sworn under penalty of perjury ~~((denying))~~ that sets forth the reasons why the rent alleged due in the notice is not owed. In the written statement, the defendant may provide as a reason that the rent alleged due in the ~~((complaint))~~ notice is ((owing)) not owed based upon a legal or equitable defense or set-off arising out of the tenancy~~((such payment shall not be required))~~.

(3) A defendant must comply with subsection (2) of this section ~~((within seven days after completed service of a filed summons and complaint or, in the case of service of an unfiled summons and complaint, seven days after delivering written notice to the defendant, in the manner provided in RCW 59.12.040, advising the defendant of the date of filing, the cause number for the action, and the date by which the defendant must comply with this section to avoid the immediate issuance of a writ of restitution))~~ on or before the deadline date specified in the notice, which must not precede the deadline for responding to the eviction summons and complaint for unlawful detainer. If the notice is served with the eviction summons and complaint, then the deadline for complying with the notice and the deadline for responding to the eviction summons and complaint must be the same date. (4) Failure of the defendant to comply with this section shall be grounds for the immediate issuance of a writ of restitution without further notice to the defendant and without bond directing the sheriff to deliver possession of the premises to the plaintiff. Issuance of a writ of restitution under this section shall not affect the defendant's right to schedule a hearing ~~((to contest the amount of rent alleged to be due))~~ on the merits. If the defendant fails to comply with this section and a writ of restitution is issued, the defendant may seek a hearing on the merits and an immediate stay of the writ of restitution. To obtain a stay of the writ of restitution, the defendant must make an offer of proof to the court that the plaintiff is not entitled to possession of the property based on a legal or equitable defense arising out of the tenancy. The court shall only grant the stay upon such prior notice as the court deems

appropriate to the plaintiff's attorney, or to the plaintiff if there is no attorney. The court may grant the stay on such conditions as the court deems appropriate. The court may set a show cause hearing as soon as possible, but no later than seven days from the date the stay is sought or the date the defendant moves the court for a show cause hearing. If the court concludes at the show cause hearing that the writ of restitution should not have been issued because of any legal or equitable defense to the eviction, then the writ of restitution must be quashed and the defendant must be restored to possession.

~~((4))~~ (5) The defendant shall ~~((send))~~ deliver written notice that the rent has been paid into the court registry or ~~((send))~~ deliver a copy of the sworn statement referred to in subsection (2) of this section to the ~~((person whose name is signed on the unlawful detainer summons. A defendant may serve the written notice or a copy of the sworn statement))~~ plaintiff by any of the following methods ~~((described in RCW 59.18.365))~~:

(a) By delivering a copy of the payment notice or sworn statement to the person who signed the notice to the street address listed on the notice;

(b) By mailing a copy of the payment notice or sworn statement addressed to the person who signed the notice to the street address listed on the notice;

(c) By facsimile to the facsimile number listed on the notice. Service by facsimile is complete upon successful transmission to the facsimile number listed upon the notice; or

(d) As otherwise authorized by the superior court civil rules.

~~((5))~~ (6) Before applying to the court for a writ of restitution under this section, the plaintiff must check with the clerk of the court to determine if the defendant has complied with subsection (2) of this section.

~~((6))~~ (7) If the plaintiff intends to use the procedures in this section, the plaintiff must first file the summons ~~((must contain))~~ and complaint with the superior court of the appropriate county and deliver notice to the defendant of the payment requirements or sworn statement requirements of this section ~~((and be substantially in the following form:~~

NOTICE

~~This unlawful detainer action is based upon nonpayment of rent in an amount alleged to be \$. The plaintiff is entitled to an order from the court directing the sheriff to evict you without a hearing unless you pay into the court registry the amount of delinquent rent alleged to be due in the complaint and continue paying into the court registry the monthly rent as it becomes due while this lawsuit is pending. If you deny that you owe the rent claimed to be due and you do not want to be evicted immediately without a hearing, you must file with the clerk of the court a written statement signed and sworn under penalty of perjury setting forth why you do not owe the amount claimed in the complaint to be due. The sworn statement must be filed IN ADDITION TO your written answer to the complaint.~~

~~Payment or the sworn statement must be submitted to the clerk of the superior court within seven days after you have been served with this summons or, if the summons has not yet been filed, within seven days after service of written notice that the lawsuit has been filed.~~

~~You must also deliver written notice that the rent has been paid into the court registry or send a copy of your sworn statement to the person whose signature appears below by personal delivery, mail, or facsimile.~~

~~This complaint:~~

~~(-) is filed with the superior court;~~

~~(-) is not filed. The plaintiff must notify you in writing when it is filed.~~

IMPORTANT

If you intend to contest this action, you must also file a written answer as indicated above on this summons)). The notice must:

(a) State that the defendant is required to comply with this section by a deadline date that is not less than seven days after the notice has been served on the defendant;

(b) Be separate from the eviction summons and complaint;

(c) Contain the names of the parties to the proceeding, the attorney or attorneys, if any, and the court in which the proceeding is being brought;

(d) Be signed and dated by the plaintiff's attorney, or by the plaintiff if there is no attorney;

(e) Contain a street address for service of the payment statement or sworn statement and, if available, a facsimile number for the landlord; and

(f) Be no less than twelve-point font type, in boldface type or capital letters where indicated below, and be substantially in the following form:

IN THE SUPERIOR COURT OF THE STATE
OF WASHINGTON IN AND FOR COUNTY

)	
<u>Plaintiff,</u>	)	<u>NO.</u>
)	
<u>vs.</u>	)	<u>RCW 59.18.375</u>
	)	<u>PAYMENT OR SWORN</u>
	)	<u>STATEMENT REQUIREMENT</u>
<u>Defendant,</u>)	
)	

TO: (Name)
.....(Address)

IMPORTANT NOTICE
READ THESE INSTRUCTIONS CAREFULLY

YOU MUST DO THE FOLLOWING BY THE DEADLINE DATE:

THE DEADLINE DATE IS

1. PAY RENT INTO THE COURT REGISTRY;

OR

2. FILE A SWORN STATEMENT THAT YOU DO NOT OWE THE RENT CLAIMED DUE.

IF YOU FAIL TO DO ONE OF THE ABOVE ON OR BEFORE THE DEADLINE DATE, THE SHERIFF COULD EVICT YOU WITHOUT A HEARING EVEN IF YOU HAVE ALSO RECEIVED A NOTICE THAT A HEARING HAS BEEN SCHEDULED.

YOUR LANDLORD CLAIMS YOU OWE RENT

This eviction lawsuit is based upon nonpayment of rent. Your landlord claims you owe the following amount: \$ The landlord is entitled to an order from the court directing the sheriff to evict you without a hearing unless you do the following by the deadline date:

YOU MUST DO THE FOLLOWING BY THE DEADLINE DATE:

1. Pay into the court registry the amount your landlord claims you owe set forth above and continue paying into the court registry the monthly rent as it becomes due while this lawsuit is pending;

OR

2. If you deny that you owe the amount set forth above and you do not want to be evicted immediately without a hearing, you must file with the clerk of the court a written statement signed and sworn under penalty of perjury that sets forth why you do not owe that amount.

3. You must deliver written notice that the rent has been paid into the court registry **OR** deliver a copy of your sworn statement to the person named below by personal delivery, mail, or facsimile.

.....
Name

.....
Address

.....
Telephone Number

.....
Fax Number

4. The sworn statement must be filed **IN ADDITION TO** delivering your written response to the complaint and **YOU MUST ALSO** appear for any hearing that has been scheduled.

Dated:

Signed:

(8) The notice authorized in this section may be served pursuant to applicable civil rules either with a filed eviction summons and complaint or at

any time after an eviction summons and complaint have been filed with the court. If the defendant has served a response to the eviction summons and complaint, then the notice may be served before or with an order to show cause as described in RCW 59.18.370.

(9) This section does not affect the defendant's right to restore the tenancy under RCW 59.18.410.

Passed by the Senate February 18, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 19, 2008.

Filed in Office of Secretary of State March 20, 2008.

CHAPTER 76

[Substitute Senate Bill 6273]

FARM IMPLEMENTS—PUBLIC HIGHWAYS

AN ACT Relating to the nondivisible gross weight limit of farm implements on public highways; and amending RCW 46.44.140.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 46.44.140 and 1984 c 7 s 60 are each amended to read as follows:

In addition to any other special permits authorized by law, special permits may be issued by the department of transportation for a quarterly or annual period upon such terms and conditions as it finds proper for the movement of (1) farm implements used for the cutting or threshing of mature crops; or (2) other farm implements that may be identified by rule of the department of transportation. Any farm implement moved under this section must ~~((have a gross weight less than forty-five))~~ comply with RCW 46.44.091, have a gross weight of less than sixty-five thousand pounds, and have a total outside width of less than twenty feet while being moved, and such movement must be patrolled, flagged, lighted, signed, at a time of day, and otherwise in accordance with rules hereby authorized to be adopted by the department of transportation for the control of such movements.

Applications for and permits issued under this section shall provide for a description of the farm implements to be moved, the approximate dates of movement, and the routes of movement so far as they are reasonably known to the applicant at the time of application, but the permit shall not be limited to these circumstances but shall be general in its application except as limited by the statutes and rules adopted by the department of transportation.

A copy of the governing permit shall be carried on the farm implement being moved during the period of its movement. The department shall collect a fee as provided in RCW 46.44.0941.

Violation of a term or condition under which a permit was issued, of a rule adopted by the department of transportation as authorized by this section, or of a term of this section is a traffic infraction.

Passed by the Senate February 12, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 19, 2008.
Filed in Office of Secretary of State March 20, 2008.

CHAPTER 77

[Senate Bill 6275]

DRAINAGE DISTRICT COMMISSIONERS

AN ACT Relating to drainage district commissioners' authority; and amending RCW 85.06.640.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 85.06.640 and 1941 c 133 s 1 are each amended to read as follows:

Whenever in the judgment of the commissioners of any drainage district general benefits to the entire district will accrue therefrom, or the general plan for improvement as adopted by such district will be more fully or properly carried out thereby, the board of commissioners of such district is hereby given and granted authority and power to do the following things:

(1) Straighten, widen, deepen, improve, or alter the course of or discontinue the use and maintenance of, or abandon any existing drains or ditches in said district, and when abandoned or discontinued, the right-of-way may be held or disposed of by said district in the discretion of the commissioners;

(2) Dig or construct any additional and auxiliary drains or ditches therein;

(3) Obtain, improve, or alter any existing reservoirs, spillways or outlets;

(4) Lease, acquire, build, or construct additional, new, or better reservoirs, spillways, and outlets;

(5) Lease, acquire, erect, build, or construct and operate any pumping plant and acquire equipment necessary therefor;

(6) Divert, dam, or carry off the waters of any stream or water endangering or damaging said district and protect against damage or flood from any waters whatsoever; and

(7) Implement the provisions of a drainage maintenance plan adopted by the district.

PROVIDED, That in carrying out such powers, said commissioners shall not be authorized under RCW 85.06.640 through 85.06.700 to tap new sources of water which have other outlets and do not endanger the system or property of such district.

Passed by the Senate February 15, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 19, 2008.

Filed in Office of Secretary of State March 20, 2008.

CHAPTER 78

[Senate Bill 6471]

LOAN REGULATION

AN ACT Relating to protecting consumers by regulating loans under the consumer loan act and mortgage broker practices act; amending RCW 31.04.025, 31.04.035, and 19.146.010; and repealing RCW 31.04.005.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 31.04.025 and 2001 c 81 s 2 are each amended to read as follows:

Each loan made to a resident of this state by a licensee is subject to the authority and restrictions of this chapter, unless such loan is made under the authority of ~~((another license issued pursuant to a law of this state or under other authority of a law of this state))~~ chapter 63.14 RCW. This chapter shall not apply to any person doing business under and as permitted by any law of this state or of the United States relating to banks, savings banks, trust companies, savings and loan or building and loan associations, or credit unions, nor to any pawnbroking business lawfully transacted under and as permitted by any law of this state regulating pawnbrokers, nor to any loan of credit made pursuant to a credit card plan.

Sec. 2. RCW 31.04.035 and 1991 c 208 s 3 are each amended to read as follows:

No person may engage in the business of making secured or unsecured loans of money, credit, or things in action ~~((at interest rates authorized by this chapter))~~ without first obtaining and maintaining a license in accordance with this chapter.

Sec. 3. RCW 19.146.010 and 2006 c 19 s 2 are each amended to read as follows:

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

(1) "Affiliate" means any person who directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with another person.

(2) "Application" means the same as in Regulation X, Real Estate Settlement Procedures, 24 C.F.R. Sec. 3500.

(3) "Borrower" means any person who consults with or retains a mortgage broker or loan originator in an effort to obtain or seek advice or information on obtaining or applying to obtain a residential mortgage loan for himself, herself, or persons including himself or herself, regardless of whether the person actually obtains such a loan.

(4) "Computer loan information systems" or "CLI system" means a real estate mortgage financing information system that facilitates the provision of information to consumers by a mortgage broker, loan originator, lender, real estate agent, or other person regarding interest rates and other loan terms available from different lenders.

(5) "Department" means the department of financial institutions.

(6) "Designated broker" means a natural person designated as the person responsible for activities of the licensed mortgage broker in conducting the business of a mortgage broker under this chapter and who meets the experience and examination requirements set forth in RCW 19.146.210(1)(e).

(7) "Director" means the director of financial institutions.

(8) "Employee" means an individual who has an employment relationship with a mortgage broker, and the individual is treated as an employee by the mortgage broker for purposes of compliance with federal income tax laws.

(9) "Independent contractor" or "person who independently contracts" means any person that expressly or impliedly contracts to perform mortgage brokering services for another and that with respect to its manner or means of performing the services is not subject to the other's right of control, and that is not treated as an employee by the other for purposes of compliance with federal income tax laws.

(10) "Loan originator" means a natural person who (a) takes a residential mortgage loan application for a mortgage broker, or (b) offers or negotiates terms of a mortgage loan, for direct or indirect compensation or gain, or in the expectation of direct or indirect compensation or gain. "Loan originator" also includes a person who holds themselves out to the public as able to perform any of these activities. "Loan originator" does not mean persons performing purely administrative or clerical tasks for a mortgage broker. For the purposes of this subsection, "administrative or clerical tasks" means the receipt, collection, and distribution of information common for the processing of a loan in the mortgage industry and communication with a borrower to obtain information necessary for the processing of a loan. A person who holds himself or herself out to the public as able to obtain a loan is not performing administrative or clerical tasks.

(11) "Lock-in agreement" means an agreement with a borrower made by a mortgage broker or loan originator, in which the mortgage broker or loan originator agrees that, for a period of time, a specific interest rate or other financing terms will be the rate or terms at which it will make a loan available to that borrower.

(12) "Mortgage broker" means any person who for compensation or gain, or in the expectation of compensation or gain (a) ~~((makes a residential mortgage loan or))~~ assists a person in obtaining or applying to obtain a residential mortgage loan or (b) holds himself or herself out as being able to ~~((make a residential mortgage loan or))~~ assist a person in obtaining or applying to obtain a residential mortgage loan.

(13) "Person" means a natural person, corporation, company, limited liability corporation, partnership, or association.

(14) "Principal" means any person who controls, directly or indirectly through one or more intermediaries, or alone or in concert with others, a ten percent or greater interest in a partnership, company, association, or corporation, and the owner of a sole proprietorship.

(15) "Residential mortgage loan" means any loan primarily for personal, family, or household use secured by a mortgage or deed of trust on residential real estate upon which is constructed or intended to be constructed a single family dwelling or multiple family dwelling of four or less units.

(16) "Third-party provider" means any person other than a mortgage broker or lender who provides goods or services to the mortgage broker in connection with the preparation of the borrower's loan and includes, but is not limited to, credit reporting agencies, title companies, appraisers, structural and pest inspectors, or escrow companies.

NEW SECTION. Sec. 4. RCW 31.04.005 (Finding—Purpose) and 1991 c 208 s 1 are each repealed.

NEW SECTION. **Sec. 5.** 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.

Passed by the Senate February 19, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 19, 2008.

Filed in Office of Secretary of State March 20, 2008.

CHAPTER 79

[Senate Bill 6677]

MATERIALS MANAGEMENT AND FINANCING AUTHORITY

AN ACT Relating to composition of the board of directors of the Washington materials management and financing authority; and amending RCW 70.95N.290.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 70.95N.290 and 2006 c 183 s 30 are each amended to read as follows:

(1)(a) The authority is governed by a board of directors. The board of directors is comprised of eleven participating manufacturers, appointed by the director of the department. Five board positions are reserved for representatives of the top ten brand owners by return share of covered electronic products, and six board positions are reserved for representatives of other brands, including at least one board position reserved for a manufacturer who is also a retailer selling their own private label. The return share of covered electronic products used to determine the top ten brand owners for purposes of electing the board must be determined by the department by January 1, 2007.

(b) The board must have representation from both television and computer manufacturers.

(2) The board shall select from its membership the chair of the board and such other officers as it deems appropriate.

(3) A majority of the board constitutes a quorum.

(4) The directors of the department of community, trade, and economic development and the department of ecology(~~(, and the state treasurer)~~) serve as ex officio members. The state agency directors (~~(and the state treasurer)~~) serving in ex officio capacity may each designate an employee of their respective departments to act on their behalf in all respects with regard to any matter to come before the authority. Ex officio designations must be made in writing and communicated to the authority director.

(5) The board shall create its own bylaws in accordance with the laws of the state of Washington.

(6) Any member of the board may be removed for misfeasance, malfeasance, or willful neglect of duty after notice and a public hearing, unless the notice and hearing are expressly waived in writing by the affected member.

(7) The members of the board serve without compensation but are entitled to reimbursement, solely from the funds of the authority, for expenses incurred in the discharge of their duties under this chapter.

Passed by the Senate February 18, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 19, 2008.

Filed in Office of Secretary of State March 20, 2008.

CHAPTER 80

[Substitute Senate Bill 6761]

WETLANDS MITIGATION BANKS

AN ACT Relating to service areas for wetlands mitigation banks; and amending RCW 90.84.030 and 90.84.040.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 90.84.030 and 1998 c 248 s 4 are each amended to read as follows:

(1) Subject to the requirements of this chapter, the department, through a collaborative process, shall adopt rules for:

~~((1))~~ (a) Certification, operation, and monitoring of wetlands mitigation banks. The rules shall include procedures to assure that:

~~((a))~~ (i) Priority is given to banks providing for the restoration of degraded or former wetlands;

~~((b))~~ (ii) Banks involving the creation and enhancement of wetlands are certified only where there are adequate assurances of success and that the bank will result in an overall environmental benefit; and

~~((c))~~ (iii) Banks involving the preservation of wetlands or associated uplands are certified only when the preservation is in conjunction with the restoration, enhancement, or creation of a wetland, or in other exceptional circumstances as determined by the department consistent with this chapter;

~~((2))~~ (b) Determination and release of credits from banks. Procedures regarding credits shall authorize the use and sale of credits to offset adverse impacts and the phased release of credits as different levels of the performance standards are met;

~~((3))~~ (c) Public involvement in the certification of banks, using existing statutory authority;

~~((4))~~ (d) Coordination of governmental agencies, including early notification of the local government where the bank is located;

~~((5))~~ (e) Establishment of criteria for determining service areas for each bank in accordance with subsection (2) of this section;

~~((6))~~ (f) Performance standards; and

~~((7))~~ (g) Long-term management, financial assurances, and remediation for certified banks.

(2) The criteria for determining service areas under subsection (1)(e) of this section shall include a requirement that restricts the maximum extent of the service area of a wetlands mitigation bank to the water resource inventory area (WRIA) as established under chapter 173-500 WAC in which the bank is located except where a service area may include parts of other WRIAs if it is ecologically defensible and appropriate.

(3) Before adopting rules under this chapter, the department shall submit the proposed rules to the appropriate standing committees of the legislature. By January 30, 1999, the department shall submit a report to the appropriate standing committees of the legislature on its progress in developing rules under this chapter.

Sec. 2. RCW 90.84.040 and 1998 c 248 s 5 are each amended to read as follows:

(1) The department may certify only those banks that meet the requirements of this chapter. Certification shall be accomplished through a banking instrument. The local jurisdiction in which the bank is located shall be signatory to the banking instrument.

(2) For a bank for which an application for a banking instrument was filed January 1, 2008, or thereafter, the department may not certify a bank without local approval of the bank. The local jurisdiction in which the bank is located has final approval over the certification of the mitigation bank. If the local government approves the bank, it shall be a signatory to the banking instrument.

(3) State agencies and local governments may approve use of credits from a bank for any mitigation required under a permit issued or approved by that state agency or local government to compensate for the proposed impacts of a specific public or private project.

Passed by the Senate March 10, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 19, 2008.

Filed in Office of Secretary of State March 20, 2008.

CHAPTER 81

[Substitute Senate Bill 6828]

AEROSPACE TAX INCENTIVES

AN ACT Relating to the excise taxation of the aerospace industry; amending RCW 82.08.975, 82.12.975, 82.04.250, 82.04.290, 82.04.4461, 82.04.4463, 82.04.44525, 82.32.545, 82.32.330, and 82.32.550; reenacting and amending RCW 82.04.260, 82.32.590, and 82.32.600; adding a new section to chapter 82.04 RCW; creating new sections; repealing RCW 82.04.4487, 82.08.981, 82.12.981, 82.32.635, and 82.32.640; providing an effective date; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that the aerospace industry provides good wages and benefits for the thousands of engineers, mechanics, support staff, and other employees working directly in the industry throughout the state. The legislature further finds that suppliers and vendors that support the aerospace industry in turn provide a range of well-paying jobs. In 2003, and again in 2006, the legislature determined it was in the public interest to encourage the continued presence of this industry through the provision of tax incentives.

However, the legislature recognizes that key elements of Washington's aerospace industry cluster were afforded few, if any, of the aerospace tax incentives enacted in 2003 and 2006. The comprehensive tax incentives in this act are intended to more comprehensively address the cost of doing business in Washington state compared to locations in other states for a larger segment of the aerospace industry cluster.

Sec. 2. RCW 82.08.975 and 2003 2nd sp.s. c 1 s 9 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 shall not apply to sales of computer hardware, computer peripherals, or software, not otherwise eligible for exemption under RCW 82.08.02565, ~~((to a manufacturer or processor for hire of~~

~~commercial airplanes or components of such airplanes,))~~ used primarily in the development, design, and engineering of ~~((such))~~ aerospace products or in providing aerospace services, or to sales of or charges made for labor and services rendered in respect to installing the computer hardware, computer peripherals, or software.

(2) The exemption is available only when the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller shall retain a copy of the certificate for the seller's files.

~~((2))~~ (3) As used in this section, ~~(("commercial airplane" and "component" have the meanings given in RCW 82.32.550))~~ the following definitions apply:

(a) "Aerospace products" means:

(i) Commercial airplanes and their components:

(ii) Machinery and equipment that is designed and used primarily for the maintenance, repair, overhaul, or refurbishing of commercial airplanes or their components by federal aviation regulation part 145 certificated repair stations; and

(iii) Tooling specifically designed for use in manufacturing commercial airplanes or their components.

(b) "Aerospace services" means the maintenance, repair, overhaul, or refurbishing of commercial airplanes or their components, but only when such services are performed by a FAR part 145 certificated repair station.

(c) "Commercial airplane" and "component" have the same meanings provided in RCW 82.32.550.

(d) "Peripherals" includes keyboards, monitors, mouse devices, and other accessories that operate outside of the computer, excluding cables, conduit, wiring, and other similar property.

~~((3))~~ (4) This section expires July 1, 2024.

Sec. 3. RCW 82.12.975 and 2003 2nd sp.s. c 1 s 10 are each amended to read as follows:

(1) The provisions of this chapter shall not apply in respect to the use of computer hardware, computer peripherals, or software, not otherwise eligible for exemption under RCW 82.12.02565, ~~((by a manufacturer or processor for hire of commercial airplanes or components of such airplanes,))~~ used primarily in the development, design, and engineering of ~~((such))~~ aerospace products or in providing aerospace services, or to the use of labor and services rendered in respect to installing the computer hardware, computer peripherals, or software.

(2) As used in this section, ~~(("commercial airplane" and "component"))~~ "peripherals," "aerospace products," and "aerospace services" have the same meanings ((given in RCW 82.32.550. "Peripherals" includes keyboards, monitors, mouse devices, and other accessories that operate outside of the computer, excluding cables, conduit, wiring, and other similar property)) as provided in RCW 82.08.975.

(3) This section expires July 1, 2024.

Sec. 4. RCW 82.04.260 and 2007 c 54 s 6 and 2007 c 48 s 2 are each reenacted and amended to read as follows:

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

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

(b) Beginning July 1, 2012, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business shall be equal to the value of the products manufactured or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c) Beginning July 1, 2012, dairy products that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including byproducts from the manufacturing of the dairy products such as whey and casein; or selling the same to purchasers who transport in the ordinary course of business the goods out of state; as to such persons the tax imposed shall be equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(d) Beginning July 1, 2012, fruits or vegetables by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business shall be equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

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

(f) Alcohol fuel or wood biomass fuel, as those terms are defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business shall be equal to the value of alcohol fuel or wood biomass fuel manufactured, multiplied by the rate of 0.138 percent.

(2) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to

such business shall be equal to the value of the peas split or processed, multiplied by the rate of 0.138 percent.

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

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

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

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

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

(8) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW 43.145.010; as to such persons

the amount of the tax with respect to such business shall be equal to the gross income of the business, excluding any fees imposed under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

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

(9) Upon every person engaging within this state as an insurance agent, insurance broker, or insurance solicitor licensed under chapter 48.17 RCW; as to such persons, the amount of the tax with respect to such licensed activities shall be equal to the gross income of such business multiplied by the rate of 0.484 percent.

(10) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities shall be equal to the gross income of the business multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5 percent thereafter. The moneys collected under this subsection shall be deposited in the health services account created under RCW 43.72.900.

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

(i) 0.4235 percent from October 1, 2005, through the later of June 30, 2007, ~~(or the day preceding the date final assembly of a superefficient airplane begins in Washington state, as determined under RCW 82.32.550);~~ and

(ii) 0.2904 percent beginning ~~((on the later of))~~ July 1, 2007, ~~((or the date final assembly of a superefficient airplane begins in Washington state, as determined under RCW 82.32.550)).~~

(b) Beginning ~~((October 1, 2005))~~ July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection (11) and is engaging within this state in the business of manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of ~~((commercial airplanes, or components of such airplanes, manufactured by that person))~~ such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business shall, in the case of manufacturers, be equal to the value of the product manufactured and the gross proceeds of sales of the ~~((airplanes or components))~~ product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of ~~((~~

~~(i) 0.4235 percent from October 1, 2005, through the later of June 30, 2007, or the day preceding the date final assembly of a superefficient airplane begins in Washington state, as determined under RCW 82.32.550; and~~

~~(ii)) 0.2904 percent ((beginning on the later of July 1, 2007, or the date final assembly of a superefficient airplane begins in Washington state, as determined under RCW 82.32.550)).~~

~~(c) For the purposes of this subsection (11), "commercial airplane(;-)" and "component(;-)" ((and "final assembly of a superefficient airplane")) have the same meanings ((given)) as provided in RCW 82.32.550.~~

~~(d) In addition to all other requirements under this title, a person eligible for the tax rate under this subsection (11) must report as required under RCW 82.32.545.~~

~~(e) This subsection (11) does not apply on and after ((the earlier of:)) July 1, 2024(;- or December 31, 2007, if assembly of a superefficient airplane does not begin by December 31, 2007, as determined under RCW 82.32.550)).~~

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

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

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

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

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

(i) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels, and toilet tissue; kraft bag, construction, and other

kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

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

(iii) "Timber products" means logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both; and pulp, including market pulp and pulp derived from recovered paper or paper products.

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

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

Sec. 5. RCW 82.04.250 and 2006 c 177 s 5 are each amended to read as follows:

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

(2) Upon every person engaging within this state in the business of making sales at retail that are exempt from the tax imposed under chapter 82.08 RCW by reason of RCW 82.08.0261, 82.08.0262, or 82.08.0263, except persons taxable under RCW 82.04.260(11) or subsection (3) of this section, as to such persons, the amount of tax with respect to such business shall be equal to the gross proceeds of sales of the business, multiplied by the rate of 0.484 percent.

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

Sec. 6. RCW 82.04.290 and 2005 c 369 s 8 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of providing international investment management services, as to such persons, the

amount of tax with respect to such business shall be equal to the gross income or gross proceeds of sales of the business multiplied by a rate of 0.275 percent.

(2)(a) Upon every person engaging within this state in any business activity other than or in addition to an activity taxed explicitly under another section in this chapter or subsection ~~((4))~~ (3) of this section; as to such persons the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of 1.5 percent.

~~((3))~~ (b) This subsection (2) ~~((of this section))~~ includes, among others, and without limiting the scope hereof (whether or not title to materials used in the performance of such business passes to another by accession, confusion or other than by outright sale), persons engaged in the business of rendering any type of service which does not constitute a "sale at retail" or a "sale at wholesale." The value of advertising, demonstration, and promotional supplies and materials furnished to an agent by his principal or supplier to be used for informational, educational and promotional purposes shall not be considered a part of the agent's remuneration or commission and shall not be subject to taxation under this section.

(3)(a) Until July 1, 2024, upon every person engaging within this state in the business of performing aerospace product development for others, as to such persons, the amount of tax with respect to such business shall be equal to the gross income of the business multiplied by a rate of 0.9 percent.

(b) "Aerospace product development" has the meaning as provided in RCW 82.04.4461.

Sec. 7. RCW 82.04.4461 and 2007 c 54 s 11 are each amended to read as follows:

(1)(a)(i) In computing the tax imposed under this chapter, a credit is allowed for each person for qualified ~~((preproduction))~~ aerospace product development. For a person who is a manufacturer or processor for hire of commercial airplanes or components of such airplanes, credit may be earned for expenditures occurring after December 1, 2003. For all other persons, credit may be earned only for expenditures occurring after June 30, 2008.

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

(b) Before July 1, 2005, any credits earned under this section must be accrued and carried forward and may not be used until July 1, 2005. These carryover credits may be used at any time thereafter, and may be carried over until used. Refunds may not be granted in the place of a credit.

(2) The credit is equal to the amount of qualified ~~((preproduction))~~ aerospace product development expenditures of a person, multiplied by the rate of 1.5 percent.

(3) Except as provided in subsection (1)(b) of this section the credit shall be taken against taxes due for the same calendar year in which the qualified ~~((preproduction))~~ aerospace product development expenditures are incurred. Credit earned on or after July 1, 2005, may not be carried over. The credit for each calendar year shall not exceed the amount of tax otherwise due under this chapter for the calendar year. Refunds may not be granted in the place of a credit.

(4) Any person claiming the credit shall file ~~((an affidavit))~~ a form prescribed by the department that shall include the amount of the credit claimed,

an estimate of the anticipated (~~(preproduction)~~) aerospace product development expenditures during the calendar year for which the credit is claimed, an estimate of the taxable amount during the calendar year for which the credit is claimed, and such additional information as the department may prescribe.

(5) The definitions in this subsection apply throughout this section.

(a) (~~("Aeronautics" means the study of flight and the science of building and operating commercial aircraft.~~)

(b) (~~"Person" means a person as defined in RCW 82.04.030, who is a manufacturer or processor for hire of commercial airplanes, or components of such airplanes, as those terms are defined in RCW 82.32.550.~~)

(c) (~~(Preproduction)~~) "Aerospace product" has the meaning given in RCW 82.08.975.

(b) "Aerospace product development" means research, design, and engineering activities performed in relation to the development of ((a)) an aerospace product((:)) or of a product line, model, or model derivative of an aerospace product, including prototype development, testing, and certification. The term includes the discovery of technological information, the translating of technological information into new or improved products, processes, techniques, formulas, or inventions, and the adaptation of existing products and models into new products or new models, or derivatives of products or models. The term does not include manufacturing activities or other production-oriented activities, however the term does include tool design and engineering design for the manufacturing process. The term does not include surveys and studies, social science and humanities research, market research or testing, quality control, sale promotion and service, computer software developed for internal use, and research in areas such as improved style, taste, and seasonal design.

((d)) (c) "Qualified ((preproduction)) aerospace product development" means ((preproduction)) aerospace product development performed within this state ((in the field of aeronautics)).

((e)) (d) "Qualified ((preproduction)) aerospace product development expenditures" means operating expenses, including wages, compensation of a proprietor or a partner in a partnership as determined by the department, benefits, supplies, and computer expenses, directly incurred in qualified ((preproduction)) aerospace product development by a person claiming the credit provided in this section. The term does not include amounts paid to a person or to the state and any of its departments and institutions, other than a public educational or research institution to conduct qualified ((preproduction)) aerospace product development. The term does not include capital costs and overhead, such as expenses for land, structures, or depreciable property.

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

(6) In addition to all other requirements under this title, a person taking the credit under this section must report as required under RCW 82.32.545.

(7) Credit may not be claimed for expenditures for which a credit is claimed under RCW 82.04.4452.

(8) This section expires July 1, 2024.

Sec. 8. RCW 82.04.4463 and 2006 c 177 s 10 are each amended to read as follows:

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

(2) The credit is equal to:

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

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

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

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

(b) An amount equal to:

(I)(A) Property taxes paid, by persons taxable under RCW 82.04.260(11)(a), on machinery and equipment exempt under RCW 82.08.02565 or 82.12.02565 and acquired after December 1, 2003((;));

(B) Property taxes paid, by persons taxable under RCW 82.04.260(11)(b), on machinery and equipment exempt under RCW 82.08.02565 or 82.12.02565 and acquired after June 30, 2008; or

(C) Property taxes paid, by persons taxable under RCW 82.04.0250(3) or 82.04.290(3), on computer hardware, computer peripherals, and software exempt under RCW 82.08.975 or 82.12.975 and acquired after June 30, 2008.

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

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

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

(III) For purposes of both the numerator and denominator of the fraction, the total taxable amount refers to the total taxable amount required to be reported on the person's returns for the calendar year before the calendar year in which the credit under this section is earned. The department may provide for an alternative method for calculating the numerator in cases where the tax rate provided in RCW 82.04.260(11) for manufacturing was not in effect during the full calendar year before the calendar year in which the credit under this section is earned.

(IV) No credit is available under (b)(I)(A) or (B) of this subsection (2)((b)) if either the numerator or the denominator of the fraction is zero. If the fraction is greater than or equal to nine-tenths, then the fraction is rounded to one. ((For purposes of this subsection;))

(V) As used in (III) of this subsection (2)(b)(ii)(C), "returns" means the ((combined excise)) tax returns for ((the calendar year)) which the tax imposed under this chapter is reported to the department.

(3) ((For the purposes of this section;)) The definitions in this subsection apply throughout this section, unless the context clearly indicates otherwise.

(a) "Aerospace product development" has the same meaning as provided in RCW 82.04.4461.

(b) "Aerospace services" has the same meaning given in RCW 82.08.975.

(c) "Ccommercial ((passenger)) airplane" and "component" have the same meanings ((given)) as provided in RCW 82.32.550.

(4) ((A person taking the credit under this section is subject to all the requirements of chapter 82.32 RCW. In addition, the person must report as required under RCW 82.32.545;)) A credit earned during one calendar year may be carried over to be credited against taxes incurred in a subsequent calendar year, but may not be carried over a second year. No refunds may be granted for credits under this section.

(5) In addition to all other requirements under this title, a person taking the credit under this section must report as required under RCW 82.32.545.

(6) This section expires July 1, 2024.

Sec. 9. RCW 82.04.44525 and 1998 c 313 s 2 are each amended to read as follows:

(1) Subject to the limits in this section, an eligible person is allowed a credit against the tax due under this chapter. The credit is based on qualified employment positions in eligible areas. The credit is available to persons who are engaged in international services as defined in this section. In order to receive the credit, the international service activities must take place at a business within the eligible area.

(2)(a) The credit shall equal three thousand dollars for each qualified employment position created after July 1, 1998, in an eligible area. A credit is earned for the calendar year the person is hired to fill the position, plus the four subsequent consecutive years, if the position is maintained for those four years.

(b) Credit may not be taken for hiring of persons into positions that exist on July 1, 1998. Credit is authorized for new employees hired for new positions created after July 1, 1998. New positions filled by existing employees are

eligible for the credit under this section only if the position vacated by the existing employee is filled by a new hire.

(c) When a position is newly created, if it is filled before July 1st, this position is eligible for the full yearly credit. If it is filled after June 30th, this position is eligible for half of the credit.

(d) Credit may be accrued and carried over until it is used. No refunds may be granted for credits under this section.

(3) For the purposes of this section:

(a) "Eligible area" means: (i) A community empowerment zone under RCW ~~((43.63A.700))~~ 43.31C.020; or (ii) a contiguous group of census tracts that meets the unemployment and poverty criteria of RCW ~~((43.63A.710))~~ 43.31C.030 and is designated under subsection (4) of this section;

(b) "Eligible person" means a person, as defined in RCW 82.04.030, who in an eligible area at a specific location is engaged in the business of providing international services;

(c)(i) "International services" means the provision of a service, as defined under (c)(iii) of this subsection, that is subject to tax under RCW 82.04.290 (2) or (3), and either:

(A) Is for a person domiciled outside the United States; or

(B) The service itself is for use primarily outside of the United States.

(ii) "International services" excludes any service taxable under RCW 82.04.290(1).

(iii) Eligible services are: Computer; data processing; information; legal; accounting and tax preparation; engineering; architectural; business consulting; business management; public relations and advertising; surveying; geological consulting; real estate appraisal; or financial services. For the purposes of this section these services mean the following:

(A) "Computer services" are services such as computer programming, custom software modification, customization of canned software, custom software installation, custom software maintenance, custom software repair, training in the use of software, computer systems design, and custom software update services;

(B) "Data processing services" are services such as word processing, data entry, data retrieval, data search, information compilation, payroll processing, business accounts processing, data production, and other computerized data and information storage or manipulation. "Data processing services" also includes the use of a computer or computer time for data processing whether the processing is performed by the provider of the computer or by the purchaser or other beneficiary of the service;

(C) "Information services" are services such as electronic data retrieval or research that entails furnishing financial or legal information, data or research, internet service as defined in RCW 82.04.297, general or specialized news, or current information;

(D) "Legal services" are services such as representation by an attorney, or other person when permitted, in an administrative or legal proceeding, legal drafting, paralegal services, legal research services, and court reporting services, arbitration, and mediation services;

(E) "Accounting and tax preparation services" are services such as accounting, auditing, actuarial, bookkeeping, or tax preparation services;

(F) "Engineering services" are services such as civil, electrical, mechanical, petroleum, marine, nuclear, and design engineering, machine designing, machine tool designing, and sewage disposal system designing services;

(G) "Architectural services" are services such as structural or landscape design or architecture, interior design, building design, building program management, and space planning services;

(H) "Business consulting services" are services such as primarily providing operating counsel, advice, or assistance to the management or owner of any business, private, nonprofit, or public organization, including but not limited to those in the following areas: Administrative management consulting; general management consulting; human resource consulting or training; management engineering consulting; management information systems consulting; manufacturing management consulting; marketing consulting; operations research consulting; personnel management consulting; physical distribution consulting; site location consulting; economic consulting; motel, hotel, and resort consulting; restaurant consulting; government affairs consulting; and lobbying;

(I) "Business management services" are services such as administrative management, business management, and office management. "Business management services" does not include property management or property leasing, motel, hotel, and resort management, or automobile parking management;

(J) "Public relations and advertising services" are services such as layout, art direction, graphic design, copy writing, mechanical preparation, opinion research, marketing research, marketing, or production supervision;

(K) "Surveying services" are services such as land surveying;

(L) "Geological consulting services" are services rendered for the oil, gas, and mining industry and other earth resource industries, and other services such as soil testing;

(M) "Real estate appraisal services" are services such as market appraisal and other real estate valuation; and

(N) "Financial services" are services such as banking, loan, security, investment management, investment advisory, mortgage servicing, contract collection, and finance leasing services, engaged in by financial businesses, or businesses similar to or in competition with financial businesses; and

(d) "Qualified employment position" means a permanent full-time position to provide international services. If an employee is either voluntarily or involuntarily separated from employment, the employment position is considered filled on a full-time basis if the employer is either training or actively recruiting a replacement employee.

(4) By ordinance, the legislative authority of a city, or legislative authorities of contiguous cities by ordinance of each 'cities legislative authority, with population greater than eighty thousand, located in a county containing no community empowerment zones as designated under RCW ((43.63A.700)) 43.31C.020, may designate a contiguous group of census tracts within the city or cities as an eligible area under this section. Each of the census tracts must meet the unemployment and poverty criteria of RCW ((43.63A.710)) 43.31C.030. Upon making the designation, the city or cities shall transmit to the department of revenue a certification letter and a map, each explicitly describing the

boundaries of the census tract. This designation must be made by December 31, 1998.

(5) No application is necessary for the tax credit. The person must keep records necessary for the department to verify eligibility under this section. This information includes:

- (a) Employment records for the previous six years;
- (b) Information relating to description of international service activity engaged in at the eligible location by the person; and
- (c) Information relating to customers of international service activity engaged in at that location by the person.

(6) If at any time the department finds that a person is not eligible for tax credit under this section, the amount of taxes for which a credit has been used shall be immediately due. The department shall assess interest, but not penalties, on the credited taxes for which the person is not eligible. The interest shall be assessed at the rate provided for delinquent excise taxes under chapter 82.32 RCW, shall be assessed retroactively to the date the tax credit was taken, and shall accrue until the taxes for which a credit has been used are repaid.

(7) The employment security department shall provide to the department of revenue such information needed by the department of revenue to verify eligibility under this section.

Sec. 10. RCW 82.32.545 and 2007 c 54 s 19 are each amended to read as follows:

(1) The legislature finds that accountability and effectiveness are important aspects of setting tax policy. In order to make policy choices regarding the best use of limited state resources the legislature needs information on how a tax incentive is used.

(2)(a) A person who reports taxes under RCW 82.04.260(11), ~~82.04.250(3), or 82.04.290(3)~~, or who claims an exemption or credit under RCW 82.04.4461, 82.08.980, 82.12.980, 82.29A.137, 84.36.655, and 82.04.4463 shall make an annual report to the department detailing employment, wages, and employer-provided health and retirement benefits for employment positions in Washington. However, persons engaged in manufacturing commercial airplanes or components of such airplanes may report employment, wage, and benefit information per job at the manufacturing site. The report shall not include names of employees. The report shall also detail employment by the total number of full-time, part-time, and temporary positions. The first report filed under this subsection shall include employment, wage, and benefit information for the twelve-month period immediately before first use of a preferential tax rate under RCW 82.04.260(11), ~~82.04.250(3), or 82.04.290(3)~~, or tax exemption or credit under RCW 82.04.4461, 82.08.980, 82.12.980, 82.29A.137, 84.36.655, and 82.04.4463, unless a survey covering this twelve-month period was filed as required by a statute repealed by chapter, Laws of 2008 (this act). The report is due by March 31st following any year in which a preferential tax rate under RCW 82.04.260(11), ~~82.04.250(3), or 82.04.290(3)~~, is used, or tax exemption or credit under RCW 82.04.4461, 82.08.980, 82.12.980, 82.29A.137, 84.36.655, and 82.04.4463 is taken. This information is not subject to the confidentiality provisions of RCW 82.32.330 and may be disclosed to the public upon request.

(b) If a person fails to submit an annual report under (a) of this subsection by the due date of the report, the department shall declare the amount of taxes exempted or credited, or reduced in the case of the preferential business and occupation tax rate, for that year to be immediately due and payable. Excise taxes payable under this subsection are subject to interest but not penalties, as provided under this chapter. This information is not subject to the confidentiality provisions of RCW 82.32.330 and may be disclosed to the public upon request.

(3) By November 1, 2010, and by November 1, 2023, the fiscal committees of the house of representatives and the senate, in consultation with the department, shall report to the legislature on the effectiveness of chapter 1, Laws of 2003 2nd sp. sess., chapter 177, Laws of 2006, and chapter, Laws of 2008 (this act) in regard to keeping Washington competitive. The report shall measure the effect of (~~chapter 1, Laws of 2003 2nd sp. sess.-~~) these laws on job retention, net jobs created for Washington residents, company growth, diversification of the state's economy, cluster dynamics, and other factors as the committees select. The reports shall include a discussion of principles to apply in evaluating whether the legislature should reenact any or all of the tax preferences in chapter 1, Laws of 2003 2nd sp. sess., chapter 177, Laws of 2006, and chapter, Laws of 2008 (this act).

Sec. 11. RCW 82.32.330 and 2007 c 6 s 1502 are each amended to read as follows:

(1) For purposes of this section:

(a) "Disclose" means to make known to any person in any manner whatever a return or tax information;

(b) "Return" means a tax or information return or claim for refund required by, or provided for or permitted under, the laws of this state which is filed with the department of revenue by, on behalf of, or with respect to a person, and any amendment or supplement thereto, including supporting schedules, attachments, or lists that are supplemental to, or part of, the return so filed;

(c) "Tax information" means (i) a taxpayer's identity, (ii) the nature, source, or amount of the taxpayer's income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability deficiencies, over assessments, or tax payments, whether taken from the taxpayer's books and records or any other source, (iii) whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing, (iv) a part of a written determination that is not designated as a precedent and disclosed pursuant to RCW 82.32.410, or a background file document relating to a written determination, and (v) other data received by, recorded by, prepared by, furnished to, or collected by the department of revenue with respect to the determination of the existence, or possible existence, of liability, or the amount thereof, of a person under the laws of this state for a tax, penalty, interest, fine, forfeiture, or other imposition, or offense: PROVIDED, That data, material, or documents that do not disclose information related to a specific or identifiable taxpayer do not constitute tax information under this section. Except as provided by RCW 82.32.410, nothing in this chapter shall require any person possessing data, material, or documents made confidential and privileged by this section to delete information from such data, material, or documents so as to permit its disclosure;

(d) "State agency" means every Washington state office, department, division, bureau, board, commission, or other state agency;

(e) "Taxpayer identity" means the taxpayer's name, address, telephone number, registration number, or any combination thereof, or any other information disclosing the identity of the taxpayer; and

(f) "Department" means the department of revenue or its officer, agent, employee, or representative.

(2) Returns and tax information shall be confidential and privileged, and except as authorized by this section, neither the department of revenue nor any other person may disclose any return or tax information.

(3) This section does not prohibit the department of revenue from:

(a) Disclosing such return or tax information in a civil or criminal judicial proceeding or an administrative proceeding:

(i) In respect of any tax imposed under the laws of this state if the taxpayer or its officer or other person liable under Title 82 RCW is a party in the proceeding; or

(ii) In which the taxpayer about whom such return or tax information is sought and another state agency are adverse parties in the proceeding;

(b) Disclosing, subject to such requirements and conditions as the director shall prescribe by rules adopted pursuant to chapter 34.05 RCW, such return or tax information regarding a taxpayer to such taxpayer or to such person or persons as that taxpayer may designate in a request for, or consent to, such disclosure, or to any other person, at the taxpayer's request, to the extent necessary to comply with a request for information or assistance made by the taxpayer to such other person: PROVIDED, That tax information not received from the taxpayer shall not be so disclosed if the director determines that such disclosure would compromise any investigation or litigation by any federal, state, or local government agency in connection with the civil or criminal liability of the taxpayer or another person, or that such disclosure would identify a confidential informant, or that such disclosure is contrary to any agreement entered into by the department that provides for the reciprocal exchange of information with other government agencies which agreement requires confidentiality with respect to such information unless such information is required to be disclosed to the taxpayer by the order of any court;

(c) Disclosing the name of a taxpayer with a deficiency greater than five thousand dollars and against whom a warrant under RCW 82.32.210 has been either issued or filed and remains outstanding for a period of at least ten working days. The department shall not be required to disclose any information under this subsection if a taxpayer: (i) Has been issued a tax assessment; (ii) has been issued a warrant that has not been filed; and (iii) has entered a deferred payment arrangement with the department of revenue and is making payments upon such deficiency that will fully satisfy the indebtedness within twelve months;

(d) Disclosing the name of a taxpayer with a deficiency greater than five thousand dollars and against whom a warrant under RCW 82.32.210 has been filed with a court of record and remains outstanding;

(e) Publishing statistics so classified as to prevent the identification of particular returns or reports or items thereof;

(f) Disclosing such return or tax information, for official purposes only, to the governor or attorney general, or to any state agency, or to any committee or

subcommittee of the legislature dealing with matters of taxation, revenue, trade, commerce, the control of industry or the professions;

(g) Permitting the department of revenue's records to be audited and examined by the proper state officer, his or her agents and employees;

(h) Disclosing any such return or tax information to a peace officer as defined in RCW 9A.04.110 or county prosecuting attorney, for official purposes. The disclosure may be made only in response to a search warrant, subpoena, or other court order, unless the disclosure is for the purpose of criminal tax enforcement. A peace officer or county prosecuting attorney who receives the return or tax information may disclose that return or tax information only for use in the investigation and a related court proceeding, or in the court proceeding for which the return or tax information originally was sought;

(i) Disclosing any such return or tax information to the proper officer of the internal revenue service of the United States, the Canadian government or provincial governments of Canada, or to the proper officer of the tax department of any state or city or town or county, for official purposes, but only if the statutes of the United States, Canada or its provincial governments, or of such other state or city or town or county, as the case may be, grants substantially similar privileges to the proper officers of this state;

(j) Disclosing any such return or tax information to the Department of Justice, including the Bureau of Alcohol, Tobacco, Firearms and Explosives within the Department of Justice, the Department of Defense, the Immigration and Customs Enforcement and the Customs and Border Protection agencies of the United States Department of Homeland Security, the Coast Guard of the United States, and the United States Department of Transportation, or any authorized representative thereof, for official purposes;

(k) Publishing or otherwise disclosing the text of a written determination designated by the director as a precedent pursuant to RCW 82.32.410;

(l) Disclosing, in a manner that is not associated with other tax information, the taxpayer name, entity type, business address, mailing address, revenue tax registration numbers, North American industry classification system or standard industrial classification code of a taxpayer, and the dates of opening and closing of business. This subsection shall not be construed as giving authority to the department to give, sell, or provide access to any list of taxpayers for any commercial purpose;

(m) Disclosing such return or tax information that is also maintained by another Washington state or local governmental agency as a public record available for inspection and copying under the provisions of chapter 42.56 RCW or is a document maintained by a court of record not otherwise prohibited from disclosure;

(n) Disclosing such return or tax information to the United States department of agriculture for the limited purpose of investigating food stamp fraud by retailers;

(o) Disclosing to a financial institution, escrow company, or title company, in connection with specific real property that is the subject of a real estate transaction, current amounts due the department for a filed tax warrant, judgment, or lien against the real property;

(p) Disclosing to a person against whom the department has asserted liability as a successor under RCW 82.32.140 return or tax information

pertaining to the specific business of the taxpayer to which the person has succeeded;

(q) Disclosing such return or tax information in the possession of the department relating to the administration or enforcement of the real estate excise tax imposed under chapter 82.45 RCW, including information regarding transactions exempt or otherwise not subject to tax; or

~~(r) ((Disclosing the least amount of return or tax information necessary for the reports required in RCW 82.32.640 (4) and (5) when the number of taxpayers included in the reports or any part of the reports cannot be classified to prevent the identification of taxpayers or particular returns, reports, tax information, or items in the possession of the department; or~~

~~(s))~~ Disclosing to local taxing jurisdictions the identity of sellers granted relief under RCW 82.32.430(5)(b)(i) and the period for which relief is granted.

(4)(a) The department may disclose return or taxpayer information to a person under investigation or during any court or administrative proceeding against a person under investigation as provided in this subsection (4). The disclosure must be in connection with the department's official duties relating to an audit, collection activity, or a civil or criminal investigation. The disclosure may occur only when the person under investigation and the person in possession of data, materials, or documents are parties to the return or tax information to be disclosed. The department may disclose return or tax information such as invoices, contracts, bills, statements, resale or exemption certificates, or checks. However, the department may not disclose general ledgers, sales or cash receipt journals, check registers, accounts receivable/payable ledgers, general journals, financial statements, expert's work papers, income tax returns, state tax returns, tax return work papers, or other similar data, materials, or documents.

(b) Before disclosure of any tax return or tax information under this subsection (4), the department shall, through written correspondence, inform the person in possession of the data, materials, or documents to be disclosed. The correspondence shall clearly identify the data, materials, or documents to be disclosed. The department may not disclose any tax return or tax information under this subsection (4) until the time period allowed in (c) of this subsection has expired or until the court has ruled on any challenge brought under (c) of this subsection.

(c) The person in possession of the data, materials, or documents to be disclosed by the department has twenty days from the receipt of the written request required under (b) of this subsection to petition the superior court of the county in which the petitioner resides for injunctive relief. The court shall limit or deny the request of the department if the court determines that:

(i) The data, materials, or documents sought for disclosure are cumulative or duplicative, or are obtainable from some other source that is more convenient, less burdensome, or less expensive;

(ii) The production of the data, materials, or documents sought would be unduly burdensome or expensive, taking into account the needs of the department, the amount in controversy, limitations on the petitioner's resources, and the importance of the issues at stake; or

(iii) The data, materials, or documents sought for disclosure contain trade secret information that, if disclosed, could harm the petitioner.

(d) The department shall reimburse reasonable expenses for the production of data, materials, or documents incurred by the person in possession of the data, materials, or documents to be disclosed.

(e) Requesting information under (b) of this subsection that may indicate that a taxpayer is under investigation does not constitute a disclosure of tax return or tax information under this section.

(5) Any person acquiring knowledge of any return or tax information in the course of his or her employment with the department of revenue and any person acquiring knowledge of any return or tax information as provided under subsection (3)(f), (g), (h), (i), (j), or (n) of this section, who discloses any such return or tax information to another person not entitled to knowledge of such return or tax information under the provisions of this section, is guilty of a misdemeanor. If the person guilty of such violation is an officer or employee of the state, such person shall forfeit such office or employment and shall be incapable of holding any public office or employment in this state for a period of two years thereafter.

Sec. 12. RCW 82.32.550 and 2007 c 54 s 20 are each amended to read as follows:

(1)(a) Chapter 1, Laws of 2003 2nd sp. sess. takes effect on the first day of the month in which the governor and a manufacturer of commercial airplanes sign a memorandum of agreement regarding an affirmative final decision to site a significant commercial airplane final assembly facility in Washington state. The department shall provide notice of the effective date of chapter 1, Laws of 2003 2nd sp. sess. to affected taxpayers, the legislature, and others as deemed appropriate by the department.

(b) Chapter 1, Laws of 2003 2nd sp. sess. is contingent upon the siting of a significant commercial airplane final assembly facility in the state of Washington. If a memorandum of agreement under subsection (1) of this section is not signed by June 30, 2005, chapter 1, Laws of 2003 2nd sp. sess. is null and void.

(c)(i) ~~((The department shall make a determination regarding the date final assembly of a superefficient airplane begins in Washington state.))~~ The rate((s)) in RCW 82.04.260(11)(a)(ii) ~~((and (b)(ii)))~~ takes effect ~~((the first day of the month such assembly begins, or))~~ July 1, 2007, ~~((whichever is later. The department shall provide notice of the effective date of such rates to affected taxpayers, the legislature, and others as deemed appropriate by the department)).~~

(ii) If on December 31, 2007, final assembly of a superefficient airplane has not begun in Washington state, the department shall provide notice of such to affected taxpayers, the legislature, and others as deemed appropriate by the department.

(2) The definitions in this subsection apply throughout this section.

(a) "Commercial airplane" has its ordinary meaning, which is an airplane certified by the federal aviation administration for transporting persons or property, and any military derivative of such an airplane.

(b) "Component" means a part or system certified by the federal aviation administration for installation or assembly into a commercial airplane.

(c) "Final assembly of a superefficient airplane" means the activity of assembling an airplane from components parts necessary for its mechanical

operation such that the finished commercial airplane is ready to deliver to the ultimate consumer.

(d) "Significant commercial airplane final assembly facility" means a location with the capacity to produce at least thirty-six superefficient airplanes a year.

(e) "Siting" means a final decision by a manufacturer to locate a significant commercial airplane final assembly facility in Washington state.

(f) "Superefficient airplane" means a twin aisle airplane that carries between two hundred and three hundred fifty passengers, with a range of more than seven thousand two hundred nautical miles, a cruising speed of approximately mach .85, and that uses fifteen to twenty percent less fuel than other similar airplanes on the market.

Sec. 13. RCW 82.32.590 and 2006 c 354 s 17, 2006 c 300 s 10, 2006 c 177 s 8, 2006 c 112 s 7, and 2006 c 84 s 7 are each reenacted and amended to read as follows:

(1) If the department finds that the failure of a taxpayer to file an annual survey or annual report under RCW 82.04.4452, 82.32.5351, 82.32.650, (~~82.32.635, 82.32.640,~~) 82.32.630, 82.32.610, or 82.74.040 by the due date was the result of circumstances beyond the control of the taxpayer, the department shall extend the time for filing the survey or report. Such extension shall be for a period of thirty days from the date the department issues its written notification to the taxpayer that it qualifies for an extension under this section. The department may grant additional extensions as it deems proper.

(2) In making a determination whether the failure of a taxpayer to file an annual survey or annual report by the due date was the result of circumstances beyond the control of the taxpayer, the department shall be guided by rules adopted by the department for the waiver or cancellation of penalties when the underpayment or untimely payment of any tax was due to circumstances beyond the control of the taxpayer.

Sec. 14. RCW 82.32.600 and 2007 c 54 s 23 and 2007 c 54 s 22 are each reenacted and amended to read as follows:

(1) Persons required to file annual surveys or annual reports under RCW 82.04.4452 (~~(or)~~), 82.32.5351, 82.32.545, 82.32.610, 82.32.630, (~~82.32.635, 82.32.640,~~) or 82.74.040 must electronically file with the department all surveys, reports, returns, and any other forms or information the department requires in an electronic format as provided or approved by the department. As used in this section, "returns" has the same meaning as "return" in RCW 82.32.050.

(2) Any survey, report, return, or any other form or information required to be filed in an electronic format under subsection (1) of this section is not filed until received by the department in an electronic format.

(3) The department may waive the electronic filing requirement in subsection (1) of this section for good cause shown.

NEW SECTION. Sec. 15. A new section is added to chapter 82.04 RCW to read as follows:

(1) Except as provided in subsection (2) of this section, for purposes of the taxes imposed under this chapter on the sale of parts to the manufacturer of a

commercial airplane, the sale is deemed to take place at the site of the final testing or inspection as required by:

(a) An approved production inspection system under federal aviation regulation part 21, subpart F; or

(b) A quality control system for which a production certificate has been issued under federal aviation regulation part 21, subpart G.

(2) This section does not apply to:

(a) Sales of the types of parts listed in federal aviation regulation part 21, section 303(b)(2) through (4) or parts for which certification or approval under federal aviation regulation part 21 is not required; or

(b) Sales of parts in respect to which final testing or inspection as required by the approved production inspection system or quality control system takes place in this state.

(3) "Commercial airplane" has the same meaning given in RCW 82.32.550.

NEW SECTION. Sec. 16. The following acts or parts of acts are each repealed:

(1) RCW 82.04.4487 (Credit—Commercial aircraft—Qualified preproduction development expenditures) and 2006 c 177 s 3;

(2) RCW 82.08.981 (Exemptions—Development, design, and engineering of commercial airplanes) and 2006 c 177 s 1;

(3) RCW 82.12.981 (Exemptions—Development, design, and engineering of commercial airplanes) and 2006 c 177 s 2;

(4) RCW 82.32.635 (Annual survey for tax incentive under RCW 82.04.4487) and 2006 c 177 s 4; and

(5) RCW 82.32.640 (Annual survey for tax incentive under RCW 82.04.250(3)) and 2006 c 177 s 6.

NEW SECTION. Sec. 17. This act does not affect any existing right acquired or liability or obligation incurred under the sections amended or repealed in this act or under any rule or order adopted under those sections, nor does it affect any proceeding instituted under those sections.

NEW SECTION. Sec. 18. This act takes effect July 1, 2008.

NEW SECTION. Sec. 19. Section 5 of this act expires July 1, 2011.

Passed by the Senate February 29, 2008.

Passed by the House March 12, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 82

[Engrossed Second Substitute Senate Bill 6874]

COLUMBIA RIVER WATER DELIVERY

AN ACT Relating to Columbia river water delivery; adding new sections to chapter 90.90 RCW; creating a new section; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 90.90 RCW to read as follows:

(1) In 2006, the legislature enacted chapter 6, Laws of 2006, an act relating to water resource management in the Columbia river basin. In its enactment, the legislature established that a key priority of water resource management in the Columbia river basin is the development of new water supplies to meet economic and community development needs concurrent with instream flow needs.

(2) Consistent with this intent, the governor and the legislature are in agreement with the Confederated Tribes of the Colville Reservation and the Spokane Tribe of Indians to support additional releases of water from Lake Roosevelt. Because the sovereign and proprietary interests of these tribal governments are directly affected by water levels in Lake Roosevelt, the state intends to share a portion of the benefits derived from Lake Roosevelt water releases and to mitigate for any impacts such releases may have upon the tribes.

(3) These new releases of Lake Roosevelt water of approximately eighty-two thousand five hundred acre feet of water, increasing to no more than one hundred thirty-two thousand five hundred acre feet of water in drought years, will bolster the state economy and will meet the following critical needs: New surface water supplies for farmers to replace the use of diminishing groundwater in the Odessa aquifer; new water supplies for municipalities with pending water right applications; enhanced certainty for agricultural water users with water rights that are interruptible during times of drought; and water to increase flows in the river when salmon need it most.

(4) Nothing in chapter . . . , Laws of 2008 (this act) expands, impairs, or otherwise affects the existing status and sovereignty of the tribal governments involved in Lake Roosevelt water releases pursuant to this section and section 2 of this act.

NEW SECTION. Sec. 2. A new section is added to chapter 90.90 RCW to read as follows:

(1) The Columbia river water delivery account is created in the state treasury. Moneys in the account may be spent only after appropriation. The account consists of all moneys transferred or appropriated to the account by law. The legislature may appropriate moneys in the account:

(a) For distributions for purposes of section 1 of this act as provided in this section; and

(b) To the department of ecology for other purposes relating to implementation of sections 1 and 3 of this act.

(2) On July 1, 2008, and each July 1st thereafter for the duration of the agreements described in section 1 of this act, the state treasurer shall transfer moneys from the general fund into the Columbia river water delivery account in the amounts described in subsection (3) of this section.

(3) Subject to appropriations, on July 1, 2008, and each July 1st thereafter, the state treasurer shall distribute moneys from the Columbia river water delivery account as follows:

(a) To the Confederated Tribes of the Colville Reservation, on July 1, 2008, the sum of three million seven hundred seventy-five thousand dollars; and on July 1, 2009, the sum of three million six hundred twenty-five thousand dollars. Each July 1st thereafter for the duration of the agreement, the treasurer shall distribute an amount equal to the previous year's distribution adjusted for inflation. The inflation adjustment shall be computed using the percentage

change on the implicit price deflator for personal consumption expenditures for the United States for the previous calendar year, as compiled by the bureau of economic analysis of the United States department of commerce and reported in the most recent quarterly publication of the economic and revenue forecast council or successor agency.

(b) To the Spokane Tribe of Indians, on July 1, 2008, the sum of two million two hundred fifty thousand dollars. Each July 1st thereafter for the duration of the agreement, the treasurer shall distribute an amount equal to the previous year's distribution adjusted for inflation. The inflation adjustment shall be computed using the percentage change in the consumer price index for the Washington state Seattle-Tacoma-Bremerton consolidated metropolitan statistical area for the previous calendar year as compiled by the bureau of labor statistics, United States department of labor, and reported in the most recent quarterly publication of the economic and revenue forecast council or successor agency.

(4) The state treasurer may not distribute moneys from the Columbia river water delivery account to a tribe pursuant to this section unless the director of ecology has certified in writing to the state treasurer and the legislature that the agreement with the tribes is still in effect.

NEW SECTION. Sec. 3. A new section is added to chapter 90.90 RCW to read as follows:

(1) Because the potential impacts of water releases under agreements reached under this chapter on affected counties are unknown, the department of ecology shall, by November 15, 2009:

(a) Conduct an assessment of the potential impacts, including recommendations for mitigation, and report to appropriate committees of the legislature; and

(b) Establish a process for identifying and reporting on future impacts on the affected counties, and for making recommendations for mitigation.

(2) Within the framework of Columbia river basin water resources management under this chapter, the department of ecology shall:

(a) Provide technical assistance to help affected counties identify and develop competitive project applications to benefit both instream and out-of-stream uses;

(b) Assist affected counties in exploring options to ensure water resources are available for their current and future needs. Such options include pursuing a memorandum of understanding with the affected counties that is consistent with RCW 90.90.005 to effectuate the purposes of this section. The memorandum of understanding shall be available for public comment for a period of thirty days before being signed by the department; and

(c) Consider regional equity when making funding decisions on water supply applications.

(3) As used in this section, "affected counties" means those counties east of the crest of the Cascade mountains with an international border, or those counties east of the crest of the Cascade mountains that border both a county with an international border and a county with four hundred thousand or more residents.

NEW SECTION. Sec. 4. This act takes effect July 1, 2008.

NEW SECTION. **Sec. 5.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the Senate March 10, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 83

[Substitute Senate Bill 6343]

SMALL SCALE MINERAL PROSPECTING—COASTAL AREAS

AN ACT Relating to establishing a pilot program to examine the impacts of small scale mineral prospecting on coastal areas; amending RCW 79A.05.165; creating a new section; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. **Sec. 1.** (1) Beginning July 1, 2008, the state parks and recreation commission and the department of fish and wildlife shall establish a pilot program to allow small scale prospecting and mining, as defined in RCW 77.55.011, on ocean beaches. The pilot program must be conducted from July 1, 2008, through July 1, 2010.

(2) The state parks and recreation commission, in consultation with the department of fish and wildlife, shall establish at least three demonstration areas in appropriate beach areas in the Washington state seashore conservation area established for recreational use and enjoyment of the public by RCW 79A.05.605. The demonstration areas must be located between the southern border of Cape Disappointment state park and the southern border of the Quinault Indian reservation, and must allow small scale mineral prospecting for purposes of the pilot program. Each demonstration area must be:

(a) Located in separate areas along the coast;

(b) Located in an area suitable for small scale prospecting as determined by the state parks and recreation commission in consultation with persons interested in small scale prospecting and mining; and

(c) Located in areas having minimal potential for damage to the beach environment, birds, shellfish, other beach marine life, fish habitat, and other recreational use.

(3) The department of fish and wildlife shall use existing authority under chapter 77.55 RCW to issue individual hydraulic project approval permits for small scale prospecting within the demonstration areas established under subsection (2) of this section. The permits must require that small scale prospecting and mining activities occur, to the greatest extent possible, on the beach to minimize the removal of sand from the area.

(4) The department of fish and wildlife shall monitor the compliance of small scale prospecting and mining activities with the permits issued for participation in the pilot program.

(5) By October 1, 2010, the department of fish and wildlife shall report its findings and recommendations regarding small scale prospecting and mining on ocean beaches to the state parks and recreation commission. The department of

fish and wildlife shall consider public input prior to finalizing their findings and recommendations.

(6) The state parks and recreation commission and the department of fish and wildlife shall report their findings and recommendations on the potential impacts and the activity of small scale prospecting and mining on ocean beaches to the appropriate committees of the legislature by December 1, 2010.

Sec. 2. RCW 79A.05.165 and 2007 c 441 s 2 are each amended to read as follows:

(1) Every person is guilty of a misdemeanor who:

(a) Cuts, breaks, injures, destroys, takes, or removes any tree, shrub, timber, plant, or natural object in any park or parkway except as authorized in section 1 of this act or in accordance with such rules as the commission may prescribe; or

(b) Kills, or pursues with intent to kill, any bird or animal in any park or parkway except in accordance with a research pass, permit, or other approval issued by the commission, pursuant to rule, for scientific research purposes; or

(c) Takes any fish from the waters of any park or parkway, except in conformity with such general rules as the commission may prescribe; or

(d) Willfully mutilates, injures, defaces, or destroys any guidepost, notice, tablet, fence, inclosure, or work for the protection or ornamentation of any park or parkway; or

(e) Lights any fire upon any park or parkway, except in such places as the commission has authorized, or willfully or carelessly permits any fire which he or she has lighted or which is under his or her charge, to spread or extend to or burn any of the shrubbery, trees, timber, ornaments, or improvements upon any park or parkway, or leaves any campfire which he or she has lighted or which has been left in his or her charge, unattended by a competent person, without extinguishing it; or

(f) Places within any park or parkway or affixes to any object therein contained, without a written license from the commission, any word, character, or device designed to advertise any business, profession, article, thing, exhibition, matter, or event.

(2)(a) Except as provided in (b) of this subsection, a person who violates any rule adopted, promulgated, or issued by the commission pursuant to the provisions of this chapter is guilty of a misdemeanor.

(b) The commission may specify by rule, when not inconsistent with applicable statutes, that violation of the rule is an infraction under chapter 7.84 RCW.

NEW SECTION. Sec. 3. This act expires December 1, 2010.

Passed by the Senate February 18, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 84

[Substitute Senate Bill 6389]

MILITARY HOUSING—TAX EXEMPTIONS

AN ACT Relating to exempting certain military housing from property and leasehold excise taxes; amending RCW 82.29A.130; and adding a new section to chapter 84.36 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW to read as follows:

(1) Military housing is exempt from taxation if the housing meets the following requirements:

(a) The military housing must be situated on land owned in fee by the United States;

(b) The military housing must be used for the housing of military personnel and their families; and

(c) The military housing must be a development project awarded under the military housing privatization initiative.

(2) To qualify property for the exemption under this section, the project owner must submit an application to the department in a form and manner prescribed by the department. Any change in the use of the property that affects the qualification of the property must be reported to the department.

(3) The definitions in this subsection apply to this section.

(a) "Ancillary supporting facilities" means facilities related to military housing units, including facilities to provide or support elementary or secondary education, child care centers, day care centers, child development centers, tot lots, community centers, housing offices, dining facilities, unit offices, and other similar facilities for the support of military housing.

(b) "Military housing" means military housing units and ancillary supporting facilities.

(c) "Military housing privatization initiative" means the military housing privatization initiative of 1996, 10 U.S.C. Secs. 2871 through 2885, as existing on the effective date of this act, or some later date as the department may provide.

Sec. 2. RCW 82.29A.130 and 2007 c 90 s 1 are each amended to read as follows:

The following leasehold interests shall be exempt from taxes imposed pursuant to RCW 82.29A.030 and 82.29A.040:

(1) All leasehold interests constituting a part of the operating properties of any public utility which is assessed and taxed as a public utility pursuant to chapter 84.12 RCW.

(2) All leasehold interests in facilities owned or used by a school, college or university which leasehold provides housing for students and which is otherwise exempt from taxation under provisions of RCW 84.36.010 and 84.36.050.

(3) All leasehold interests of subsidized housing where the fee ownership of such property is vested in the government of the United States, or the state of Washington or any political subdivision thereof but only if income qualification exists for such housing.

(4) All leasehold interests used for fair purposes of a nonprofit fair association that sponsors or conducts a fair or fairs which receive support from revenues collected pursuant to RCW 67.16.100 and allocated by the director of the department of agriculture where the fee ownership of such property is vested in the government of the United States, the state of Washington or any of its political subdivisions: PROVIDED, That this exemption shall not apply to the

leasehold interest of any sublessee of such nonprofit fair association if such leasehold interest would be taxable if it were the primary lease.

(5) All leasehold interests in any property of any public entity used as a residence by an employee of that public entity who is required as a condition of employment to live in the publicly owned property.

(6) All leasehold interests held by enrolled Indians of lands owned or held by any Indian or Indian tribe where the fee ownership of such property is vested in or held in trust by the United States and which are not subleased to other than to a lessee which would qualify pursuant to this chapter, RCW 84.36.451 and 84.40.175.

(7) All leasehold interests in any real property of any Indian or Indian tribe, band, or community that is held in trust by the United States or is subject to a restriction against alienation imposed by the United States: PROVIDED, That this exemption shall apply only where it is determined that contract rent paid is greater than or equal to ninety percent of fair market rental, to be determined by the department of revenue using the same criteria used to establish taxable rent in RCW 82.29A.020(2)(b).

(8) All leasehold interests for which annual taxable rent is less than two hundred fifty dollars per year. For purposes of this subsection leasehold interests held by the same lessee in contiguous properties owned by the same lessor shall be deemed a single leasehold interest.

(9) All leasehold interests which give use or possession of the leased property for a continuous period of less than thirty days: PROVIDED, That for purposes of this subsection, successive leases or lease renewals giving substantially continuous use of possession of the same property to the same lessee shall be deemed a single leasehold interest: PROVIDED FURTHER, That no leasehold interest shall be deemed to give use or possession for a period of less than thirty days solely by virtue of the reservation by the public lessor of the right to use the property or to allow third parties to use the property on an occasional, temporary basis.

(10) All leasehold interests under month-to-month leases in residential units rented for residential purposes of the lessee pending destruction or removal for the purpose of constructing a public highway or building.

(11) All leasehold interests in any publicly owned real or personal property to the extent such leasehold interests arises solely by virtue of a contract for public improvements or work executed under the public works statutes of this state or of the United States between the public owner of the property and a contractor.

(12) All leasehold interests that give use or possession of state adult correctional facilities for the purposes of operating correctional industries under RCW 72.09.100.

(13) All leasehold interests used to provide organized and supervised recreational activities for persons with disabilities of all ages in a camp facility and for public recreational purposes by a nonprofit organization, association, or corporation that would be exempt from property tax under RCW 84.36.030(1) if it owned the property. If the publicly owned property is used for any taxable purpose, the leasehold excise taxes set forth in RCW 82.29A.030 and 82.29A.040 shall be imposed and shall be apportioned accordingly.

(14) All leasehold interests in the public or entertainment areas of a baseball stadium with natural turf and a retractable roof or canopy that is in a county with a population of over one million, that has a seating capacity of over forty thousand, and that is constructed on or after January 1, 1995. "Public or entertainment areas" include ticket sales areas, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality and stadium club areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas and suites, the playing field, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include locker rooms or private offices exclusively used by the lessee.

(15) All leasehold interests in the public or entertainment areas of a stadium and exhibition center, as defined in RCW 36.102.010, that is constructed on or after January 1, 1998. For the purposes of this subsection, "public or entertainment areas" has the same meaning as in subsection (14) of this section, and includes exhibition areas.

(16) All leasehold interests in public facilities districts, as provided in chapter 36.100 or 35.57 RCW.

(17) All leasehold interests in property that is: (a) Owned by the United States government or a municipal corporation; (b) listed on any federal or state register of historical sites; and (c) wholly contained within a designated national historic reserve under 16 U.S.C. Sec. 461.

(18) All leasehold interests in the public or entertainment areas of an amphitheater if a private entity is responsible for one hundred percent of the cost of constructing the amphitheater which is not reimbursed by the public owner, both the public owner and the private lessee sponsor events at the facility on a regular basis, the lessee is responsible under the lease or agreement to operate and maintain the facility, and the amphitheater has a seating capacity of over seventeen thousand reserved and general admission seats and is in a county with a population of over three hundred fifty thousand, but less than four hundred twenty-five thousand. For the purposes of this subsection, "public or entertainment areas" include box offices or other ticket sales areas, entrance gates, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas including lawn seating areas and suites, stages, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include office areas used predominately by the lessee.

(19) All leasehold interests in real property used for the placement of military housing meeting the requirements of section 1 of this act.

Passed by the Senate March 10, 2008.
Passed by the House March 5, 2008.
Approved by the Governor March 20, 2008.
Filed in Office of Secretary of State March 21, 2008.

CHAPTER 85

[Substitute Senate Bill 6423]

MOTION PICTURE COMPETITIVENESS PROGRAM

AN ACT Relating to strengthening the tax credit and modifying the governing board of a Washington motion picture competitiveness program; and amending RCW 43.365.020, 43.365.030, and 82.04.4489.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 43.365.020 and 2006 c 247 s 3 are each amended to read as follows:

(1) The department shall adopt criteria for an approved motion picture competitiveness program with the sole purpose of revitalizing the state's economic, cultural, and educational standing in the national and international market of motion picture production. Rules adopted by the department shall allow the program, within the established criteria, to provide funding assistance only when it captures economic opportunities for Washington's communities and businesses and shall only be provided under a contractual arrangement with a private entity. In establishing the criteria, the department shall consider:

(a) The additional income and tax revenue to be retained in the state for general purposes;

(b) The creation and retention of family wage jobs which provide health insurance and payments into a retirement plan;

(c) The impact of motion picture projects to maximize in-state labor and the use of in-state film production and film postproduction companies;

(d) The impact upon the local economies and the state economy as a whole, including multiplier effects;

(e) The intangible impact on the state and local communities that comes with motion picture projects;

(f) The regional, national, and international competitiveness of the motion picture filming industry;

(g) The revitalization of the state as a premier venue for motion picture production and national television commercial campaigns;

(h) Partnerships with the private sector to bolster film production in the state and serve as an educational and cultural purpose for its citizens;

(i) The vitality of the state's motion picture industry as a necessary and critical factor in promoting the state as a premier tourist and cultural destination;

(j) Giving preference to additional seasons of television series that have previously qualified;

(k) Other factors the department may deem appropriate for the implementation of this chapter.

(2) The board of directors created under RCW 43.365.030 shall create and administer an account for carrying out the purposes of subsection (3) of this section.

(3) Money received by an approved motion picture competitiveness program shall be used only for: (a) Health insurance and payments into a retirement plan, and other costs associated with film production; (b) a tax credit marketer to market the tax credits authorized under RCW 82.04.4489; and (c) staff and related expenses to maintain the program's proper administration and operation.

(4) Maximum funding assistance from an approved motion picture competitiveness program is limited to an amount up to twenty percent of the total actual investment in the state of at least:

(a) ~~((Twenty percent of a total actual investment in the state of at least))~~ Five hundred thousand dollars(;) for a single feature film produced in Washington state;

(b) ~~((Twenty percent of a total actual investment in the state of at least))~~ Three hundred thousand dollars per television episode produced in Washington state; or

(c) ~~((Twenty percent of a total actual investment in the state of at least two))~~ One hundred fifty thousand dollars for an infomercial or television commercial associated with a national or regional advertisement campaign produced in Washington state.

(5) ~~((No single motion picture production or episodic television project may be awarded an amount greater than one million dollars from an approved motion picture competitiveness program.~~

~~(6))~~ Funding assistance approval must be determined by the approved motion picture competitiveness program within a maximum of thirty calendar days from when the application is received, if the application is submitted after August 15, 2006.

Sec. 2. RCW 43.365.030 and 2006 c 247 s 4 are each amended to read as follows:

(1) A Washington motion picture competitiveness program under this chapter shall be administered by a board of directors appointed by the governor, and the appointments shall be made within sixty days following enactment. The department, after consulting with the board, shall adopt rules for the standards that shall be used to evaluate the applications for funding assistance prior to June 30, 2006.

(2) The board shall evaluate and award financial assistance to motion picture projects under rules set forth under RCW 43.365.020.

(3) The board shall consist of the following members:

(a) One member representing the Washington motion picture production industry;

(b) One member representing the Washington motion picture postproduction industry;

(c) Two members representing labor unions affiliated with Washington motion picture production;

(d) One member representing the Washington visitors and convention bureaus;

(e) One member representing the Washington tourism industry;

(f) One member representing the Washington restaurant, hotel, and airline industry; and

(g) A chairperson, chosen at large, shall serve at the pleasure of the governor.

(4) The term of the board members, other than the chair, is four years, except as provided in subsection (5) of this section.

(5) The governor shall appoint board members in 2010 to two-year or four-year staggered terms. Once the initial two-year or four-year terms expire, all subsequent terms shall be for four years. The terms of the initial board members shall be as follows:

(a) The board positions in subsection (3)(b), (d), and (f) of this section, and one position from subsection (3)(c) of this section shall be appointed to two-year terms; and

(b) The remaining board positions in subsection (3) of this section shall be appointed to four-year terms.

(6) A board member appointed by the governor may be removed by the governor for cause under RCW 43.06.070 and 43.06.080.

~~((5))~~ (7) Five members of the board constitute a quorum.

~~((6))~~ (8) The board shall elect a treasurer and secretary annually, and other officers as the board members determine necessary, and may adopt bylaws or rules for its own government.

~~((7))~~ (9) The board shall make any information available at the request of the department to administer this chapter.

~~((8))~~ (10) Contributions received by a board shall be deposited into the account described in RCW 43.365.020(2).

Sec. 3. RCW 82.04.4489 and 2006 c 247 s 5 are each amended to read as follows:

(1) Subject to the limitations in this section, a credit is allowed against the tax imposed under this chapter for contributions made by a person to a Washington motion picture competitiveness program.

(2) The person must make the contribution before claiming a credit authorized under this section. Credits earned under this section may be claimed against taxes due for the calendar year in which the contribution is made. The amount of credit claimed for a reporting period shall not exceed the tax otherwise due under this chapter for that reporting period. No person may claim more than one million dollars of credit in any calendar year, including credit carried over from a previous calendar year. No refunds may be granted for any unused credits.

(3) The maximum credit that may be earned for each calendar year under this section for a person is limited to the lesser of((:

~~(a)) one million dollars(;) or~~

~~((b)(i) Through calendar year 2008,) an amount equal to one hundred percent of the contributions made by the person to a program during the calendar year(; and~~

~~(ii) For calendar years after 2008, an amount equal to ninety percent of the contributions made by the person to a program during the calendar year).~~

(4) Except as provided under subsection (5) of this section, a tax credit claimed under this section may not be carried over to another year.

(5) Any amount of tax credit otherwise allowable under this section not claimed by the person in any calendar year may be carried over and claimed against the person's tax liability for the next succeeding calendar year. Any

credit remaining unused in the next succeeding calendar year may be carried forward and claimed against the person's tax liability for the second succeeding calendar year; and any credit not used in that second succeeding calendar year may be carried over and claimed against the person's tax liability for the third succeeding calendar year, but may not be carried over for any calendar year thereafter.

(6) Credits are available on a first in-time basis. The department shall disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section during any calendar year to exceed three million five hundred thousand dollars. If this limitation is reached, the department shall notify all Washington motion picture competitiveness programs that the annual statewide limit has been met. In addition, the department shall provide written notice to any person who has claimed tax credits in excess of the three million five hundred thousand dollar limitation in this subsection. The notice shall indicate the amount of tax due and shall provide that the tax be paid within thirty days from the date of such notice. The department shall not assess penalties and interest as provided in chapter 82.32 RCW on the amount due in the initial notice if the amount due is paid by the due date specified in the notice, or any extension thereof.

(7) To claim a credit under this section, a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. As used in this subsection, "returns" has the same meaning as "return" in RCW 82.32.050.

(8) No application is necessary for the tax credit. The person must keep records necessary for the department to verify eligibility under this section.

(9) A Washington motion picture competitiveness program shall provide to the department, upon request, such information needed to verify eligibility for credit under this section, including information regarding contributions received by the program.

(10) The department shall not allow any credit under this section before July 1, 2006.

(11) For the purposes of this section, "Washington motion picture competitiveness program" or "program" means an organization established pursuant to chapter 43.365 RCW.

(12) No credit may be earned for contributions made on or after July 1, 2011.

Passed by the Senate February 29, 2008.

Passed by the House March 7, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 86

[Engrossed Senate Bill 6663]

DEPARTMENT OF REVENUE TAX PROGRAMS

AN ACT Relating to improving the administration of department of revenue tax programs by correcting and clarifying statutes; eliminating, repealing, and decodifying obsolete or otherwise unnecessary statutes and statutory language; amending RCW 82.14.030, 82.14.045, 82.14.048, 82.14.360, 82.19.010, 82.24.020, 82.24.026, 82.24.027, 82.24.028, 82.29A.080, 84.09.030, and 84.48.080; creating new sections; decodifying RCW 82.29A.900 and 82.29A.910; and repealing RCW 82.29A.150.

Be it enacted by the Legislature of the State of Washington:

PART I

LOCAL SALES AND USE TAXES

Sec. 101. RCW 82.14.030 and 1989 c 384 s 6 are each amended to read as follows:

(1) The governing body of any county or city, while not required by legislative mandate to do so, may, by resolution or ordinance for the purposes authorized by this chapter, ~~((fix and))~~ impose a sales and use tax in accordance with the terms of this chapter. Such tax shall be collected from those persons who are taxable by the state ~~((pursuant to))~~ under chapters 82.08 and 82.12 RCW, upon the occurrence of any taxable event within the county or city as the case may be ~~((= PROVIDED, That))~~. Except as provided in RCW 82.14.230, this sales and use tax shall not apply to natural or manufactured gas. The rate of such tax imposed by a county shall be five-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). The rate of such tax imposed by a city shall not exceed five-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax) ~~((= PROVIDED, HOWEVER, That))~~. However, in the event a county ~~((shall))~~ imposes a sales and use tax under this subsection, the rate of such tax imposed under this subsection by any city therein shall not exceed four hundred and twenty-five one-thousandths of one percent.

(2) ~~((Subject to the enactment into law of the 1982 amendment to RCW 82.02.020 by section 5, chapter 49, Laws of 1982 1st ex. sess.))~~ In addition to the tax authorized in subsection (1) of this section, the governing body of any county or city may by resolution or ordinance impose an additional sales and use tax in accordance with the terms of this chapter. Such additional tax shall be collected upon the same taxable events upon which the tax imposed under subsection (1) of this section is ~~((levied))~~ imposed. The rate of such additional tax imposed by a county shall be up to five-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). The rate of such additional tax imposed by a city shall be up to five-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax) ~~((= PROVIDED HOWEVER, That))~~. However, in the event a county ~~((shall))~~ imposes a sales and use tax under the authority of this subsection at a rate equal to or greater than the rate imposed under the authority of this subsection by a city within the county, the county shall receive fifteen percent of the city tax ~~((= PROVIDED FURTHER, That))~~. In the event that the county ~~((shall))~~ imposes a sales and use tax under the authority of this subsection at a rate which is less than the rate imposed under

this subsection by a city within the county, the county shall receive that amount of revenues from the city tax equal to fifteen percent of the rate of tax imposed by the county under the authority of this subsection. The authority to impose a tax under this subsection is intended in part to compensate local government for any losses from the phase-out of the property tax on business inventories.

Sec. 102. RCW 82.14.045 and 2001 c 89 s 3 are each amended to read as follows:

(1) The legislative body of any city pursuant to RCW 35.92.060, of any county which has created an unincorporated transportation benefit area pursuant to RCW 36.57.100 and 36.57.110, of any public transportation benefit area pursuant to RCW 36.57A.080 and 36.57A.090, of any county transportation authority established pursuant to chapter 36.57 RCW, and of any metropolitan municipal corporation within a county with a population of one million or more pursuant to chapter 35.58 RCW, may, by resolution or ordinance for the sole purpose of providing funds for the operation, maintenance, or capital needs of public transportation systems or public transportation limited to persons with special needs under RCW 36.57.130 and 36.57A.180, and in lieu of the excise taxes authorized by RCW 35.95.040, submit an authorizing proposition to the voters or include such authorization in a proposition to perform the function of public transportation or public transportation limited to persons with special needs under RCW 36.57.130 and 36.57A.180, and if approved by a majority of persons voting thereon, ~~((fix and))~~ impose a sales and use tax in accordance with the terms of this chapter ~~((: PROVIDED, That no such legislative body shall impose such a sales and use tax without submitting such an authorizing proposition to the voters and obtaining the approval of a majority of persons voting thereon: PROVIDED FURTHER, That))~~. Where ((such a)) an authorizing proposition is submitted by a county on behalf of an unincorporated transportation benefit area, it shall be voted upon by the voters residing within the boundaries of such unincorporated transportation benefit area and, if approved, the sales and use tax shall be imposed only within such area. Notwithstanding any provisions of this section to the contrary, any county in which a county public transportation plan has been adopted pursuant to RCW 36.57.070 and the voters of such county have authorized the imposition of a sales and use tax pursuant to the provisions of section 10, chapter 167, Laws of 1974 ex. sess., prior to July 1, 1975, shall be authorized to fix and impose a sales and use tax as provided in this section at not to exceed the rate so authorized without additional approval of the voters of such county as otherwise required by this section.

The tax authorized ~~((pursuant to))~~ by this section shall be in addition to the tax authorized by RCW 82.14.030 and shall be collected from those persons who are taxable by the state ~~((pursuant to))~~ under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within such city, public transportation benefit area, county, or metropolitan municipal corporation as the case may be. The rate of such tax shall be one-tenth, two-tenths, three-tenths, four-tenths, five-tenths, six-tenths, seven-tenths, eight-tenths, or nine-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). The rate of such tax shall not exceed the rate authorized by the voters unless such increase shall be similarly approved.

(2)(a) In the event a metropolitan municipal corporation ~~((shall))~~ imposes a sales and use tax pursuant to this chapter no city, county which has created an unincorporated transportation benefit area, public transportation benefit area authority, or county transportation authority wholly within such metropolitan municipal corporation shall be empowered to ~~((levy))~~ impose and/or collect taxes ~~((pursuant to))~~ under RCW ~~((35.58.273,))~~ 35.95.040~~((, and/or 82.14.045))~~ or this section, but nothing herein shall prevent such city or county from imposing sales and use taxes pursuant to any other authorization.

(b) In the event a county transportation authority ~~((shall))~~ imposes a sales and use tax ~~((pursuant to))~~ under this section, no city, county which has created an unincorporated transportation benefit area, public transportation benefit area, or metropolitan municipal corporation, located within the territory of the authority, shall be empowered to ~~((levy))~~ impose or collect taxes ~~((pursuant to))~~ under RCW ~~((35.58.273,))~~ 35.95.040~~((,))~~ or ~~((82.14.045))~~ this section.

(c) In the event a public transportation benefit area ~~((shall))~~ imposes a sales and use tax ~~((pursuant to))~~ under this section, no city, county which has created an unincorporated transportation benefit area, or metropolitan municipal corporation, located wholly or partly within the territory of the public transportation benefit area, shall be empowered to ~~((levy))~~ impose or collect taxes ~~((pursuant to))~~ under RCW ~~((35.58.273,))~~ 35.95.040~~((,))~~ or ~~((82.14.045))~~ this section.

~~((3))~~ Any local sales and use tax revenue collected pursuant to this section by any city or by any county for transportation purposes pursuant to RCW 36.57.100 and 36.57.110 shall not be counted as locally generated tax revenues for the purposes of apportionment and distribution, in the manner prescribed by chapter 82.44 RCW, of the proceeds of the motor vehicle excise tax authorized pursuant to RCW 35.58.273, except that the local sales and use tax revenue collected under this section by a city with a population greater than sixty thousand that as of January 1, 1998, owns and operates a municipal public transportation system shall be counted as locally generated tax revenues for the purposes of apportionment and distribution, in the manner prescribed by chapter 82.44 RCW, of the proceeds of the motor vehicle excise tax authorized under RCW 35.58.273 as follows:

~~(a) For fiscal year 2000, revenues collected under this section shall be counted as locally generated tax revenues for up to 25 percent of the tax collected under RCW 35.58.273;~~

~~(b) For fiscal year 2001, revenues collected under this section shall be counted as locally generated tax revenues for up to 50 percent of the tax collected under RCW 35.58.273;~~

~~(c) For fiscal year 2002, revenues collected under this section shall be counted as locally generated tax revenues for up to 75 percent of the tax collected under RCW 35.58.273; and~~

~~(d) For fiscal year 2003 and thereafter, revenues collected under this section shall be counted as locally generated tax revenues for up to 100 percent of the tax collected under RCW 35.58.273.)~~

Sec. 103. RCW 82.14.048 and 1999 c 165 s 12 are each amended to read as follows:

(1) The governing board of a public facilities district under chapter 36.100 or 35.57 RCW may submit an authorizing proposition to the voters of the

district, and if the proposition is approved by a majority of persons voting, ~~((fix and))~~ impose a sales and use tax in accordance with the terms of this chapter.

(2) The tax authorized in this section shall be in addition to any other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the public facilities district. The rate of tax shall not exceed two-tenths of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.

(3) Moneys received from any tax imposed under the authority of this section shall be used for the purpose of providing funds for the costs associated with the financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, and reequipping of its public facilities.

~~((No tax may be collected under this section by a public facilities district under chapter 35.57 RCW before August 1, 2000, and no tax in excess of one-tenth of one percent may be collected under this section by a public facilities district under chapter 36.100 RCW before August 1, 2000.))~~

Sec. 104. RCW 82.14.360 and 2000 c 103 s 10 are each amended to read as follows:

(1) The legislative authority of a county with a population of one million or more may impose a special stadium sales and use tax upon the retail sale or use within the county by restaurants, taverns, and bars of food and beverages that are taxable by the state under chapters 82.08 and 82.12 RCW. The rate of the tax shall not exceed five-tenths of one percent of the selling price in the case of a sales tax, or value of the article used in the case of a use tax. The tax ~~((imposed))~~ authorized under this subsection is in addition to any other taxes authorized by law and shall not be credited against any other tax imposed upon the same taxable event. As used in this section, "restaurant" does not include grocery stores, mini-markets, or convenience stores.

(2) The legislative authority of a county with a population of one million or more may impose a special stadium sales and use tax upon retail car rentals within the county that are taxable by the state under chapters 82.08 and 82.12 RCW. The rate of the tax shall not exceed two percent of the selling price in the case of a sales tax, or rental value of the vehicle in the case of a use tax. The tax imposed under this subsection is in addition to any other taxes authorized by law and shall not be credited against any other tax imposed upon the same taxable event.

(3) The revenue from the taxes imposed under the authority of this section shall be used for the purpose of principal and interest payments on bonds, issued by the county, to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate a baseball stadium. Revenues from the taxes authorized in this section may be used for design and other preconstruction costs of the baseball stadium until bonds are issued for the baseball stadium. The county shall issue bonds, in an amount determined to be necessary by the public facilities district, for the district to acquire, construct, own, and equip the baseball stadium. The county shall have no obligation to issue bonds in an amount greater than that which would be supported by the tax revenues under this section, RCW 82.14.0485, and 36.38.010(4) (a) and (b). If the revenue from the taxes imposed under the authority of this section exceeds the amount needed

for such principal and interest payments in any year, the excess shall be used solely:

(a) For early retirement of the bonds issued for the baseball stadium; and

(b) If the revenue from the taxes imposed under this section exceeds the amount needed for the purposes in (a) of this subsection in any year, the excess shall be placed in a contingency fund which may only be used to pay unanticipated capital costs on the baseball stadium, excluding any cost overruns on initial construction.

~~(4) (The taxes authorized under this section shall not be collected after June 30, 1997, unless the county executive has certified to the department of revenue that a professional major league baseball team has made a binding and legally enforceable contractual commitment to:~~

~~(a) Play at least ninety percent of its home games in the stadium for a period of time not shorter than the term of the bonds issued to finance the initial construction of the stadium;~~

~~(b) Contribute forty five million dollars toward the reasonably necessary preconstruction costs including, but not limited to architectural, engineering, environmental, and legal services, and the cost of construction of the stadium, or to any associated public purpose separate from bond financed property, including without limitation land acquisition, parking facilities, equipment, infrastructure, or other similar costs associated with the project, which contribution shall be made during a term not to exceed the term of the bonds issued to finance the initial construction of the stadium. If all or part of the contribution is made after the date of issuance of the bonds, the team shall contribute an additional amount equal to the accruing interest on the deferred portion of the contribution, calculated at the interest rate on the bonds maturing in the year in which the deferred contribution is made. No part of the contribution may be made without the consent of the county until a public facilities district is created under chapter 36.100 RCW to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate a baseball stadium. To the extent possible, contributions shall be structured in a manner that would allow for the issuance of bonds to construct the stadium that are exempt from federal income taxes; and~~

~~(c) Share a portion of the profits generated by the baseball team from the operation of the professional franchise for a period of time equal to the term of the bonds issued to finance the initial construction of the stadium, after offsetting any losses incurred by the baseball team after the effective date of chapter 14, Laws of 1995 1st sp. sess. Such profits and the portion to be shared shall be defined by agreement between the public facilities district and the baseball team. The shared profits shall be used to retire the bonds issued to finance the initial construction of the stadium. If the bonds are retired before the expiration of their term, the shared profits shall be paid to the public facilities district.~~

~~(5) No tax may be collected under this section before January 1, 1996. Before collecting the taxes under this section or issuing bonds for a baseball stadium, the county shall create a public facilities district under chapter 36.100 RCW to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate a baseball stadium.~~

~~(6) The county shall assemble such real property as the district determines to be necessary as a site for the baseball stadium. Property which is necessary~~

~~for this purpose that is owned by the county on October 17, 1995, shall be contributed to the district, and property which is necessary for this purpose that is acquired by the county on or after October 17, 1995, shall be conveyed to the district.~~

~~(7))~~ The proceeds of any bonds issued for the baseball stadium shall be provided to the district.

~~((8))~~ (5) As used in this section, "baseball stadium" means "baseball stadium" as defined in RCW 82.14.0485.

~~((9))~~ (6) The taxes imposed under this section shall expire when the bonds issued for the construction of the baseball stadium are retired, but not later than twenty years after the taxes are first collected.

PART II LITTER TAX

Sec. 201. RCW 82.19.010 and 1998 c 257 s 7 are each amended to read as follows:

(1) In addition to any other taxes, there is hereby levied and there shall be collected by the department of revenue from every person for the privilege of engaging within this state in business as a manufacturer, as a wholesaler, or as a retailer, a litter tax equal to the value of products listed in RCW 82.19.020, including byproducts, manufactured within this state, multiplied by fifteen one-thousandths of one percent in the case of manufacturers, and equal to the gross proceeds of sales of the products listed in RCW 82.19.020 that are sold within this state multiplied by fifteen one-thousandths of one percent in the case of wholesalers and retailers.

~~(2) ((Beginning January 1999, and in January of every odd-numbered year thereafter, the department shall submit to the appropriate committees of the senate and the house of representatives a report on compliance with the litter tax. The report shall address:~~

~~(a) The litter tax reported voluntarily and litter tax assessed through enforcement; and~~

~~(b) Total litter tax revenues reported on an industry basis.~~

~~(3) Beginning January 1999,))~~ The frequency and time of collection of the tax will ~~((be changed to))~~ coincide with the reporting periods by payers of their business and occupation tax.

PART III CIGARETTE TAX

Sec. 301. RCW 82.24.020 and 2003 c 114 s 1 are each amended to read as follows:

(1) There is levied and there shall be collected as provided in this chapter, a tax upon the sale, use, consumption, handling, possession, or distribution of all cigarettes, in an amount equal to ~~((the rate of eleven and one-half mills))~~ one and fifteen one-hundredths cents per cigarette.

(2) An additional tax is imposed upon the sale, use, consumption, handling, possession, or distribution of all cigarettes, in an amount equal to ~~((the rate of))~~ five ((and one-fourth mills)) hundred twenty-five one-thousandths of a cent per cigarette. All revenues collected during any month from this additional tax shall

be deposited in the violence reduction and drug enforcement account under RCW 69.50.520 by the twenty-fifth day of the following month.

(3) An additional tax is imposed upon the sale, use, consumption, handling, possession, or distribution of all cigarettes, in an amount equal to ~~((the rate of ten mills per cigarette through June 30, 1994, eleven and one-fourth mills per cigarette for the period July 1, 1994, through June 30, 1995, twenty mills per cigarette for the period July 1, 1995, through June 30, 1996, and twenty and one-half mills))~~ two and five one-hundredths cents per cigarette ~~((thereafter))~~. All revenues collected during any month from this additional tax shall be deposited in the health services account created under RCW 43.72.900 by the twenty-fifth day of the following month.

(4) Wholesalers subject to the payment of this tax may, if they wish, absorb ~~((one-half mill))~~ five one-hundredths cents per cigarette of the tax and not pass it on to purchasers without being in violation of this section or any other act relating to the sale or taxation of cigarettes.

(5) For purposes of this chapter, "possession" shall mean both (a) physical possession by the purchaser and, (b) when cigarettes are being transported to or held for the purchaser or his or her designee by a person other than the purchaser, constructive possession by the purchaser or his or her designee, which constructive possession shall be deemed to occur at the location of the cigarettes being so transported or held.

Sec. 302. RCW 82.24.026 and 2005 c 514 s 1102 are each amended to read as follows:

(1) In addition to the tax imposed upon the sale, use, consumption, handling, possession, or distribution of cigarettes set forth in RCW 82.24.020, there is imposed a tax in an amount equal to ~~((the rate of thirty mills))~~ three cents per cigarette.

(2) The revenue collected under this section shall be deposited as follows:

(a) 21.7 percent shall be deposited into the health services account.

(b) 2.8 percent shall be deposited into the general fund.

(c) 2.3 percent shall be deposited into the violence reduction and drug enforcement account under RCW 69.50.520.

(d) 1.7 percent shall be deposited into the water quality account under RCW 70.146.030.

(e) The remainder shall be deposited into the education legacy trust account.

Sec. 303. RCW 82.24.027 and 1999 c 309 s 925 are each amended to read as follows:

(1) There is hereby levied and there shall be collected by the department of revenue from the persons mentioned in and in the manner provided by this chapter, an additional tax upon the sale, use, consumption, handling, possession, or distribution of cigarettes in an amount equal to ~~((the rate of four mills))~~ four-tenths of a cent per cigarette.

(2) The moneys collected under this section shall be deposited as follows:

(a) ~~((For the period ending July 1, 1999, in the water quality account under RCW 70.146.030;~~

~~(b) For the period beginning July 1, 1999, through June 30, 2001, fifty percent into the violence reduction and drug enforcement account under RCW 69.50.520 and fifty percent into the salmon recovery account;~~

~~(e))~~) For the period beginning July 1, 2001, through June 30, 2021, into the water quality account under RCW 70.146.030; and

~~((d))~~ (b) For the period beginning July 1, 2021, in the general fund.

Sec. 304. RCW 82.24.028 and 2002 c 2 s 3 are each amended to read as follows:

In addition to the tax imposed upon the sale, use, consumption, handling, possession, or distribution of cigarettes set forth in RCW 82.24.020, there is imposed a tax in an amount equal to ~~((the rate of thirty mills))~~ three cents per cigarette ~~((effective January 1, 2002))~~. All revenues collected during any month from this additional tax shall be deposited in the health services account created under RCW 43.72.900 by the twenty-fifth day of the following month.

PART IV LEASEHOLD EXCISE TAX

Sec. 401. RCW 82.29A.080 and 2002 c 371 s 925 are each amended to read as follows:

The counties and cities shall contract, prior to the effective date of an ordinance imposing a leasehold excise tax, with the department of revenue for administration and collection. The department of revenue shall deduct a percentage amount, as provided by such contract, not to exceed two percent of the taxes collected, for administration and collection expenses incurred by the department. The remainder of any portion of any tax authorized by RCW 82.29A.040, which is collected by the department of revenue ~~((shall)),~~ must be ~~((deposited by the state department of revenue))~~ remitted to the state treasurer who shall deposit the funds in the local leasehold excise tax account hereby created in the state treasury. Moneys in the local leasehold excise tax account may be spent only for distribution to counties and cities imposing a leasehold excise tax.

~~((During the 2001-2003 fiscal biennium, the legislature may transfer from the local leasehold excise tax account to the state general fund such amounts as reflect the interest earnings of the account.))~~

NEW SECTION. **Sec. 402.** RCW 82.29A.150 (Cancellation of taxes levied for collection in 1976) and 1975-'76 2nd ex.s. c 61 s 17 are each repealed.

NEW SECTION. **Sec. 403.** RCW 82.29A.900 and 82.29A.910 are decodified.

PART V PROPERTY TAX

Sec. 501. RCW 84.09.030 and 2007 c 285 s 3 are each amended to read as follows:

(1)(a) Except as ~~((follows))~~ provided in (b) of this subsection (1), for the purposes of property taxation and the levy of property taxes, the boundaries of counties, cities, and all other taxing districts ~~((, for purposes of property taxation and the levy of property taxes;))~~ shall be the established official boundaries of such districts existing on the first day of August of the year in which the property tax levy is made.

~~((The official boundaries of a newly incorporated taxing district shall be established at a different date in the year in which the incorporation occurred as follows:~~

~~(1) Boundaries for a newly incorporated city shall be established on the last day of March of the year in which the initial property tax levy is made, and the boundaries of a road district, library district, or fire protection district or districts, that include any portion of the area that was incorporated within its boundaries shall be altered as of this date to exclude this area, if the budget for the newly incorporated city is filed pursuant to RCW 84.52.020 and the levy request of the newly incorporated city is made pursuant to RCW 84.52.070. Whenever a proposed city incorporation is on the March special election ballot, the county auditor shall submit the legal description of the proposed city to the department of revenue on or before the first day of March;~~

~~(2)) (b) The boundaries for a newly incorporated port district or regional fire protection service authority shall be established on the first day of October if the boundaries of the newly incorporated port district or regional fire protection service authority are coterminous with the boundaries of another taxing district or districts, as they existed on the first day of ((March)) August of that year((;~~

~~(3) Boundaries of any other newly incorporated taxing district shall be established on the first day of June of the year in which the property tax levy is made if the taxing district has boundaries coterminous with the boundaries of another taxing district, as they existed on the first day of March of that year;~~

~~(4) Boundaries for a newly incorporated water sewer district shall be established on the fifteenth of June of the year in which the proposition under RCW 57.04.050 authorizing a water district excess levy is approved.~~

~~The boundaries of a taxing district shall be established on the first day of June if territory has been added to, or removed from, the taxing district after the first day of March of that year with boundaries coterminous with the boundaries of another taxing district as they existed on the first day of March of that year. However, the boundaries of a road district, library district, or fire protection district or districts, that include any portion of the area that was annexed to a city or town within its boundaries shall be altered as of this date to exclude this area)).~~

~~(2) In any case where any instrument setting forth the official boundaries of any newly established taxing district, or setting forth any change in ((such)) the boundaries, is required by law to be filed in the office of the county auditor or other county official, ((said)) the instrument shall be filed in triplicate. The officer with whom ((such)) the instrument is filed shall transmit two copies of the instrument to the county assessor.~~

~~(3) No property tax levy shall be made for any taxing district whose boundaries are not established as of the dates provided in this section.~~

Sec. 502. RCW 84.48.080 and 2001 c 185 s 12 are each amended to read as follows:

(1) Annually during the months of September and October, the department of revenue shall examine and compare the returns of the assessment of the property in the several counties of the state, and the assessment of the property of railroad and other companies assessed by the department, and proceed to equalize the same, so that each county in the state shall pay its due and just proportion of the taxes for state purposes for such assessment year, according to

the ratio the valuation of the property in each county bears to the total valuation of all property in the state.

(a) The department shall classify all property, real and personal, and shall raise and lower the valuation of any class of property in any county to a value that shall be equal, so far as possible, to the true and fair value of such class as of January 1st of the current year for the purpose of ascertaining the just amount of tax due from each county for state purposes. In equalizing personal property as of January 1st of the current year, the department shall use valuation data with respect to personal property from the three years immediately preceding the current assessment year in a manner it deems appropriate. Such classification may be on the basis of types of property, geographical areas, or both. For purposes of this section, for each county that has not provided the department with an assessment return by December 1st, the department shall proceed, using facts and information and in a manner it deems appropriate, to estimate the value of each class of property in the county.

(b) The department shall keep a full record of its proceedings and the same shall be published annually by the department.

(2) The department shall levy the state taxes authorized by law. The amount levied in any one year for general state purposes shall not exceed the lawful dollar rate on the dollar of the assessed value of the property of the entire state, which assessed value shall be one hundred percent of the true and fair value of the property in money. The department shall apportion the amount of tax for state purposes levied by the department, among the several counties, in proportion to the valuation of the taxable property of the county for the year as equalized by the department: PROVIDED, That for purposes of this apportionment, the department shall recompute the previous year's levy and the apportionment thereof to correct for changes and errors in taxable values reported to the department after October 1 of the preceding year and shall adjust the apportioned amount of the current year's state levy for each county by the difference between the apportioned amounts established by the original and revised levy computations for the previous year. For purposes of this section, changes in taxable values mean a final adjustment made by a county board of equalization, the state board of tax appeals, or a court of competent jurisdiction and shall include additions of omitted property, other additions or deletions from the assessment or tax rolls, any assessment return provided by a county to the department subsequent to December 1st, or a change in the indicated ratio of a county. Errors in taxable values mean errors corrected by a final reviewing body.

~~((In addition to computing a levy under this subsection that is reduced under RCW 84.55.012, the department shall compute a hypothetical levy without regard to the reduction under RCW 84.55.012. This hypothetical levy shall also be apportioned among the several counties in proportion to the valuation of the taxable property of the county for the year, as equalized by the department, in the same manner as the actual levy and shall be used by the county assessors for the purpose of recomputing and establishing a consolidated levy under RCW 84.52.010.))~~

(3) The department shall have authority to adopt rules and regulations to enforce obedience to its orders in all matters in relation to the returns of county

assessments, the equalization of values, and the apportionment of the state levy by the department.

(4) After the completion of the duties prescribed in this section, the director of the department shall certify the record of the proceedings of the department under this section, the tax levies made for state purposes and the apportionment thereof among the counties, and the certification shall be available for public inspection.

PART VI MISCELLANEOUS

NEW SECTION. Sec. 601. 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. 602. This act does not affect any existing right acquired or liability or obligation incurred under the sections amended or repealed in this act or under any rule or order adopted under those sections, nor does it affect any proceeding instituted under those sections.

NEW SECTION. Sec. 603. Part headings used in this act are not any part of the law.

Passed by the Senate February 14, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 87

[Senate Bill 6837]

PRESCRIPTION DRUG ASSISTANCE FOUNDATION

AN ACT Relating to the prescription drug assistance foundation; and amending RCW 41.05.550.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 41.05.550 and 2005 c 267 s 1 are each amended to read as follows:

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

(a) "Federal poverty level" means the official poverty level based on family size established and adjusted under section 673(2) of the omnibus budget reconciliation act of 1981 (P.L. 97-35; 42 U.S.C. Sec. 9902(2), as amended).

(b) "Foundation" means the prescription drug assistance foundation established in this section, a nonprofit corporation organized under the laws of this state to provide assistance in accessing prescription drugs to qualified uninsured individuals.

(c) "Health insurance coverage including prescription drugs" means prescription drug coverage under a private insurance plan, the medicaid program, the state children's health insurance program ("SCHIP"), the medicare program, the basic health plan, or any employer-sponsored health plan that includes a prescription drug benefit.

(d) "Qualified uninsured individual" means an uninsured person who is a resident of this state and has an income below three hundred percent of the federal poverty level.

(e) "Uninsured" means an individual who lacks health insurance coverage including prescription drugs.

(2)(a) The administrator shall establish the foundation as a nonprofit corporation, organized under the laws of this state. The foundation shall assist qualified uninsured individuals in obtaining prescription drugs at little or no cost.

(b) The foundation shall be administered in a manner that:

(i) Begins providing assistance to qualified uninsured individuals by January 1, 2006;

(ii) Defines the population that may receive assistance in accordance with this section; and

(iii) Complies with the eligibility requirements necessary to obtain and maintain tax-exempt status under federal law.

(c) The board of directors of the foundation consists of up to eleven with a minimum of five members appointed by the governor to staggered terms of three years. The governor shall select as members of the board individuals who (i) will represent the interests of persons who lack prescription drug coverage; and (ii) have demonstrated expertise in business management and in the administration of a not-for-profit organization.

(d) The foundation shall apply for and comply with all federal requirements necessary to obtain and maintain tax-exempt status with respect to the federal tax obligations of the foundation's donors.

(e) The foundation is authorized, subject to the direction and ratification of the board, to receive, solicit, contract for, collect, and hold in trust for the purposes of this section, donations, gifts, grants, and bequests in the form of money paid or promised, services, materials, equipment, or other things tangible or intangible that may be useful for helping the foundation to achieve its purpose. The foundation may use all sources of public and private financing to support foundation activities. No general fund-state funds shall be used for the ongoing operation of the foundation.

(f) No liability on the part of, and no cause of action of any nature, shall arise against any member of the board of directors of the foundation or against an employee or agent of the foundation for any lawful action taken by them in the performance of their administrative powers and duties under this section.

Passed by the Senate February 15, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 88

[Senate Bill 6839]

WORKERS' COMPENSATION—WORK OUTSIDE STATE

AN ACT Relating to workers' compensation coverage for work performed outside the state of Washington; and amending RCW 51.12.120.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 51.12.120 and 1999 c 394 s 1 are each amended to read as follows:

(1) If a worker, while working outside the territorial limits of this state, suffers an injury on account of which he or she, or his or her beneficiaries, would have been entitled to compensation under this title had the injury occurred within this state, the worker, or his or her beneficiaries, shall be entitled to compensation under this title if at the time of the injury:

(a) His or her employment is principally localized in this state; or

(b) He or she is working under a contract of hire made in this state for employment not principally localized in any state; or

(c) He or she is working under a contract of hire made in this state for employment principally localized in another state whose workers' compensation law is not applicable to his or her employer; or

(d) He or she is working under a contract of hire made in this state for employment outside the United States and Canada.

(2) The payment or award of compensation or other recoveries, including settlement proceeds, under the workers' compensation law of another state, territory, province, or foreign nation to a worker or his or her beneficiaries otherwise entitled on account of such injury to compensation under this title shall not be a bar to a claim for compensation under this title if that claim under this title is timely filed. If compensation is paid or awarded under this title, the total amount of compensation or other recoveries, including settlement proceeds, paid or awarded the worker or beneficiary under such other workers' compensation law shall be credited against the compensation due the worker or beneficiary under this title.

(3)(a) An employer not domiciled in this state who is employing workers in this state in work for which the employer must be registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW, or prequalified under RCW 47.28.070, must secure the payment of compensation under this title by:

(i) Insuring the employer's workers' compensation obligation under this title with the department;

(ii) Being qualified as a self-insurer under this title; or

(iii) For employers domiciled in a state or province of Canada subject to an agreement entered into under subsection (7) of this section, as permitted by the agreement, filing with the department a certificate of coverage issued by the agency that administers the workers' compensation law in the employer's state or province of domicile certifying that the employer has secured the payment of compensation under the other state's or province's workers' compensation law.

(b) The department shall adopt rules to implement this subsection.

(4) If a worker or beneficiary is entitled to compensation under this title by reason of an injury sustained in this state while in the employ of an employer who is domiciled in another state or province of Canada and the employer:

(a) Is not subject to subsection (3) of this section and has neither opened an account with the department nor qualified as a self-insurer under this title, the employer or his or her insurance carrier shall file with the director a certificate issued by the agency that administers the workers' compensation law in the state of the employer's domicile, certifying that the employer has secured the payment of compensation under the workers' compensation law of the other state and that

with respect to the injury the worker or beneficiary is entitled to the benefits provided under the other state's law.

(b) Has filed a certificate under subsection (3)(a)(iii) of this section or (a) of this subsection (4):

(i) The filing of the certificate constitutes appointment by the employer or his or her insurance carrier of the director as its agent for acceptance of the service of process in any proceeding brought by any claimant to enforce rights under this title;

(ii) The director shall send to such employer or his or her insurance carrier, by registered or certified mail to the address shown on such certificate, a true copy of any notice of claim or other process served on the director by the claimant in any proceeding brought to enforce rights under this title;

(iii) If the employer is a self-insurer under the workers' compensation law of the other state or province of Canada, the employer shall, upon submission of evidence or security, satisfactory to the director, of his or her ability to meet his or her liability to the claimant under this title, be deemed to be a qualified self-insurer under this title; and

(iv) If the employer's liability under the workers' compensation law of the other state or province of Canada is insured:

(A) The employer's carrier, as to such claimant only, shall be deemed to be subject to this title. However, unless the insurer's contract with the employer requires the insurer to pay an amount equivalent to the compensation benefits provided by this title, the insurer's liability for compensation shall not exceed the insurer's liability under the workers' compensation law of the other state or province; and

(B) If the total amount for which the employer's insurer is liable under (b)(iv)(A) of this subsection is less than the total of the compensation to which the claimant is entitled under this title, the director may require the employer to file security satisfactory to the director to secure the payment of compensation under this title.

(c) If subject to subsection (3) of this section, has not complied with subsection (3) of this section or, if not subject to subsection (3) of this section, has neither qualified as a self-insurer nor secured insurance coverage under the workers' compensation law of another state or province of Canada, the claimant shall be paid compensation by the department and the employer shall have the same rights and obligations, and is subject to the same penalties, as other employers subject to this title.

(5) As used in this section:

(a) A person's employment is principally localized in this or another state when: (i) His or her employer has a place of business in this or the other state and he or she regularly works at or from the place of business; or (ii) if (a)(i) of this subsection is not applicable, he or she is domiciled in and spends a substantial part of his or her working time in the service of his or her employer in this or the other state;

(b) "Workers' compensation law" includes "occupational disease law" for the purposes of this section.

(6) A worker whose duties require him or her to travel regularly in the service of his or her employer in this and one or more other states may agree in writing with his or her employer that his or her employment is principally

localized in this or another state, and, unless the other state refuses jurisdiction, the agreement shall govern as to any injury occurring after the effective date of the agreement.

(7) The director is authorized to enter into agreements with the appropriate agencies of other states and provinces of Canada that administer their workers' compensation law with respect to conflicts of jurisdiction and the assumption of jurisdiction in cases where the contract of employment arises in one state or province and the injury occurs in another. If the other state's or province's law requires Washington employers to secure the payment of compensation under the other state's or province's workers' compensation laws for work performed in that state or province, then employers domiciled in that state or province must purchase compensation covering their workers engaged in that work in this state under this state's industrial insurance law. When an agreement under this subsection has been executed and adopted as a rule of the department under chapter 34.05 RCW, it binds all employers and workers subject to this title and the jurisdiction of this title is governed by this rule.

(8) Washington employers who are not self-insured under chapter 51.14 RCW shall obtain workers' compensation coverage from the state fund for temporary and incidental work performed on jobs or at jobsites in another state by their Washington workers. The department is authorized to adopt rules governing premium liability and reporting requirements for hours of work in excess of temporary and incidental as defined in this chapter.

(9) "Temporary and incidental" means work performed by Washington employers on jobs or at jobsites in another state for thirty or fewer consecutive or nonconsecutive full or partial days within a calendar year. Temporary and incidental days are considered on a per state basis.

(10) By December 1, 2011, the department shall report to the workers' compensation advisory committee on the effect of this act on the revenue and costs to the state fund.

Passed by the Senate March 11, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 89

[Substitute Senate Bill 6857]

HEAVY HAUL INDUSTRIAL CORRIDORS

AN ACT Relating to heavy haul industrial corridors; and amending RCW 46.44.0915.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 46.44.0915 and 2005 c 311 s 1 are each amended to read as follows:

(1)(a) Except as provided in (b) of this subsection, the department of transportation, with respect to state highways maintained within port district property, may, at the request of a port commission, make and enter into agreements with port districts and adjacent jurisdictions or agencies of the districts, for the purpose of identifying, managing, and maintaining short heavy

haul industrial corridors within port district property for the movement of overweight sealed containers used in international trade.

(b) The department of transportation shall designate that portion of state route number 97 from the Canadian border to milepost 331.22 as a heavy haul industrial corridor for the movement of overweight vehicles to and from the Oroville railhead. The department may issue special permits to vehicles operating in the heavy haul industrial corridor to carry weight in excess of weight limits established in RCW 46.44.041, but not to exceed a gross vehicle weight of 137,788 pounds.

(2) Except as provided in subsection (1)(b) of this section, the department may issue special permits to vehicles operating in ~~((the))~~ a heavy haul industrial corridor to carry weight in excess of weight limits established in RCW 46.44.041. However, the excess weight on a single axle, tandem axle, or any axle group must not exceed that allowed by RCW 46.44.091 (1) and (2), weight per tire must not exceed six hundred pounds per inch width of tire, and gross vehicle weight must not exceed one hundred five thousand five hundred pounds.

(3) The entity operating or hiring vehicles under subsection (1)(b) of this section or moving overweight sealed containers used in international trade must pay a fee for each special permit of one hundred dollars per month or one thousand dollars annually, beginning from the date of issue, for all movements under the special permit made on state highways within ~~((the))~~ a heavy haul industrial corridor. Within a port district property, under no circumstances are the for hire carriers or rail customers responsible for the purchase or cost of the permits. All funds collected, except the amount retained by authorized agents of the department under RCW 46.44.096, must be forwarded to the state treasurer and deposited in the motor vehicle fund.

(4) For purposes of this section, an overweight sealed container used in international trade, including its contents, is considered nondivisible when transported within a heavy haul industrial corridor defined by the department.

(5) Any agreement entered into by the department as authorized under this section with a port district adjacent to Puget Sound and located within a county that has a population of more than seven hundred thousand, but less than one million, must limit the applicability of any established heavy haul corridor to that portion of state route no. 509 beginning at milepost 0.25 in the vicinity of East 'D' Street and ending at milepost 3.88 in the vicinity of Taylor Way.

(6) The department of transportation may adopt reasonable rules to implement this section.

Passed by the Senate February 16, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 90

[Substitute Senate Bill 6933]

SEX OFFENSES—ADMISSIBILITY OF EVIDENCE

AN ACT Relating to admissibility of evidence in sex offense cases; adding a new section to chapter 10.58 RCW; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. **Sec. 1.** In Washington, the legislature and the courts share the responsibility for enacting rules of evidence. The court's authority for enacting rules of evidence arises from a statutory delegation of that responsibility to the court and from Article IV, section 1 of the state Constitution. *State v. Fields*, 85 Wn.2d 126, 129, 530 P.2d 284 (1975).

The legislature's authority for enacting rules of evidence arises from the Washington supreme court's prior classification of such rules as substantive law. See *State v. Sears*, 4 Wn.2d 200, 215, 103 P.2d 337 (1940) (the legislature has the power to enact laws which create rules of evidence); *State v. Pavelich*, 153 Wash. 379, 279 P. 1102 (1929) ("rules of evidence are substantive law").

The legislature adopts this exception to Evidence Rule 404(b) to ensure that juries receive the necessary evidence to reach a just and fair verdict.

NEW SECTION. **Sec. 2.** A new section is added to chapter 10.58 RCW to read as follows:

(1) In a criminal action in which the defendant is accused of a sex offense, evidence of the defendant's commission of another sex offense or sex offenses is admissible, notwithstanding Evidence Rule 404(b), if the evidence is not inadmissible pursuant to Evidence Rule 403.

(2) In a case in which the state intends to offer evidence under this rule, the attorney for the state shall disclose the evidence to the defendant, including statements of witnesses or a summary of the substance of any testimony that is expected to be offered, at least fifteen days before the scheduled date of trial or at such later time as the court may allow for good cause.

(3) This section shall not be construed to limit the admission or consideration of evidence under any other evidence rule.

(4) For purposes of this section, "sex offense" means:

(a) Any offense defined as a sex offense by RCW 9.94A.030;

(b) Any violation under RCW 9A.44.096 (sexual misconduct with a minor in the second degree); and

(c) Any violation under RCW 9.68A.090 (communication with a minor for immoral purposes).

(5) For purposes of this section, uncharged conduct is included in the definition of "sex offense."

(6) When evaluating whether evidence of the defendant's commission of another sexual offense or offenses should be excluded pursuant to Evidence Rule 403, the trial judge shall consider the following factors:

(a) The similarity of the prior acts to the acts charged;

(b) The closeness in time of the prior acts to the acts charged;

(c) The frequency of the prior acts;

(d) The presence or lack of intervening circumstances;

(e) The necessity of the evidence beyond the testimonies already offered at trial;

(f) Whether the prior act was a criminal conviction;

(g) Whether the probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury, or by considerations of undue delay, waste of time, or needless presentation of cumulative evidence; and

(h) Other facts and circumstances.

NEW SECTION. Sec. 3. Section 2 of this act applies to any case that is tried on or after its adoption.

Passed by the Senate March 10, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 91

[House Bill 2774]

AMBER ALERTS—FALSE OR MISLEADING STATEMENTS

AN ACT Relating to making a false or misleading material statement that results in an Amber alert; adding a new section to chapter 9A.76 RCW; and prescribing penalties.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 9A.76 RCW to read as follows:

(1) A person who, with the intent of causing an activation of the voluntary broadcast notification system commonly known as the "Amber alert," or as the same system may otherwise be known, which is used to notify the public of abducted children, knowingly makes a false or misleading material statement to a public servant that a child has been abducted and which statement causes an activation, is guilty of a class C felony.

(2) "Material statement" means a written or oral statement reasonably likely to be relied upon by a public servant in the discharge of his or her official powers or duties.

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 92

[Engrossed Substitute House Bill 2847]

WEATHERIZATION ASSISTANCE PROGRAM—TAX EXEMPTION

AN ACT Relating to the sales and use tax exemption of materials and services used in the weatherization assistance program; adding a new section to chapter 82.08 RCW; and adding a new section to chapter 82.12 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax imposed by RCW 82.08.020 does not apply to sales of tangible personal property used in the weatherization of a residence under the weatherization assistance program under chapter 70.164 RCW. The exemption only applies to tangible personal property that becomes a component of the residence.

(2) The exemption is available only when the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(3) "Residence" and "weatherization" have the meanings provided in RCW 70.164.020.

NEW SECTION. Sec. 2. A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply to the use of tangible personal property used in the weatherization of a residence under the weatherization assistance program under chapter 70.164 RCW. The exemption only applies to tangible personal property that becomes a component of the residence.

(2) "Residence" and "weatherization" have the meanings provided in RCW 70.164.020.

Passed by the House February 19, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 93

[Substitute House Bill 2902]

MOTOR VEHICLE REGISTRATION—ARBITRATION FEE

AN ACT Relating to the collection of the arbitration fee on sales or leases of new motor vehicles; and amending RCW 19.118.110.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 19.118.110 and 1995 2nd sp.s. c 18 s 910 are each amended to read as follows:

If the new motor vehicle will be registered in the state of Washington, a three-dollar arbitration fee shall be collected by either the new motor vehicle dealer or vehicle lessor from the consumer upon execution of a retail sale or lease agreement. The fee shall be forwarded to the department of licensing at the time of title application for deposit in the new motor vehicle arbitration account hereby created in the state treasury. Moneys in the account shall be used for the purposes of this chapter, subject to appropriation. During the 1995-97 fiscal biennium, the legislature may transfer moneys from the account to the extent that the moneys are not necessary for the purposes of this chapter.

At the end of each fiscal year, the attorney general shall prepare a report listing the annual revenue generated and the expenses incurred in implementing and operating the arbitration program under this chapter.

Passed by the House February 12, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 94

[Substitute House Bill 2959]

CRAFT DISTILLERIES

AN ACT Relating to craft distilleries; amending RCW 66.24.140, 66.04.010, 66.28.040, 66.28.060, 66.24.481, 66.20.300, and 66.20.310; reenacting and amending RCW 66.04.010,

66.28.010, and 66.24.210; adding a new section to chapter 66.24 RCW; providing an effective date; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 66.24.140 and 1981 1st ex.s. c 5 s 28 are each amended to read as follows:

There shall be a license to distillers, including blending, rectifying and bottling; fee two thousand dollars per annum(~~(= PROVIDED, That)~~), unless provided otherwise as follows:

(1) For distillers producing twenty thousand gallons or less of spirits with at least half of the raw materials used in the production grown in Washington, the license fee shall be reduced to one hundred dollars per annum:

(2) The board shall license stills used and to be used solely and only by a commercial chemist for laboratory purposes, and not for the manufacture of liquor for sale, at a fee of twenty dollars per annum(~~(= PROVIDED, FURTHER, That)~~):

(3) The board shall license stills used and to be used solely and only for laboratory purposes in any school, college or educational institution in the state, without fee(~~(= PROVIDED, FURTHER, That)~~): and

(4) The board shall license stills which shall have been duly licensed as fruit and/or wine distilleries by the federal government, used and to be used solely as fruit and/or wine distilleries in the production of fruit brandy and wine spirits, at a fee of two hundred dollars per annum.

NEW SECTION. Sec. 2. A new section is added to chapter 66.24 RCW to read as follows:

(1) Any craft distillery may sell spirits of its own production for consumption off the premises, up to two liters per person per day. Spirits sold under this subsection must be purchased from the board and sold at the retail price established by the board. A craft distillery selling spirits under this subsection must comply with the applicable laws and rules relating to retailers.

(3) Any craft distillery licensed under this section may provide, free of charge, one-half ounce or less samples of spirits of its own production to persons on the premises of the distillery. The maximum total per person per day is two ounces. Every person who participates in any manner in the service of samples must obtain a class 12 alcohol server permit. Spirits used for samples must be purchased from the board.

(4) The board shall adopt rules to implement the alcohol server permit requirement and may adopt additional rules to implement this section.

(5) Distilling is an agricultural practice.

Sec. 3. RCW 66.04.010 and 2007 c 226 s 1 are each amended to read as follows:

In this title, unless the context otherwise requires:

(1) "Alcohol" is that substance known as ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, which is commonly produced by the fermentation or distillation of grain, starch, molasses, or sugar, or other substances including all dilutions and mixtures of this substance. The term "alcohol" does not include alcohol in the possession of a manufacturer or distiller of alcohol fuel, as described in RCW 66.12.130, which is intended to be denatured and used as a

fuel for use in motor vehicles, farm implements, and machines or implements of husbandry.

(2) "Authorized representative" means a person who:

(a) Is required to have a federal basic permit issued pursuant to the federal alcohol administration act, 27 U.S.C. Sec. 204;

(b) Has its business located in the United States outside of the state of Washington;

(c) Acquires ownership of beer or wine for transportation into and resale in the state of Washington; and which beer or wine is produced anywhere outside Washington by a brewery or winery which does not hold a certificate of approval issued by the board; and

(d) Is appointed by the brewery or winery referenced in (c) of this subsection as its exclusive authorized representative for marketing and selling its products within the United States in accordance with a written agreement between the authorized representative and such brewery or winery pursuant to this title. The board may waive the requirement for the written agreement of exclusivity in situations consistent with the normal marketing practices of certain products, such as classified growths.

(3) "Beer" means any malt beverage, flavored malt beverage, or malt liquor as these terms are defined in this chapter.

(4) "Beer distributor" means a person who buys beer from a domestic brewery, microbrewery, beer certificate of approval holder, or beer importers, or who acquires foreign produced beer from a source outside of the United States, for the purpose of selling the same pursuant to this title, or who represents such brewer or brewery as agent.

(5) "Beer importer" means a person or business within Washington who purchases beer from a beer certificate of approval holder or who acquires foreign produced beer from a source outside of the United States for the purpose of selling the same pursuant to this title.

(6) "Brewer" or "brewery" means any person engaged in the business of manufacturing beer and malt liquor. Brewer includes a brand owner of malt beverages who holds a brewer's notice with the federal bureau of alcohol, tobacco, and firearms at a location outside the state and whose malt beverage is contract-produced by a licensed in-state brewery, and who may exercise within the state, under a domestic brewery license, only the privileges of storing, selling to licensed beer distributors, and exporting beer from the state.

(7) "Board" means the liquor control board, constituted under this title.

(8) "Club" means an organization of persons, incorporated or unincorporated, operated solely for fraternal, benevolent, educational, athletic or social purposes, and not for pecuniary gain.

(9) "Confection" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, dairy products, or flavorings, in the form of bars, drops, or pieces.

(10) "Consume" includes the putting of liquor to any use, whether by drinking or otherwise.

(11) "Contract liquor store" means a business that sells liquor on behalf of the board through a contract with a contract liquor store manager.

(12) "Craft distillery" means a distillery that pays the reduced licensing fee under section 1 of this act.

(13) "Dentist" means a practitioner of dentistry duly and regularly licensed and engaged in the practice of his profession within the state pursuant to chapter 18.32 RCW.

~~((13))~~ (14) "Distiller" means a person engaged in the business of distilling spirits.

~~((14))~~ (15) "Domestic brewery" means a place where beer and malt liquor are manufactured or produced by a brewer within the state.

~~((15))~~ (16) "Domestic winery" means a place where wines are manufactured or produced within the state of Washington.

~~((16))~~ (17) "Druggist" means any person who holds a valid certificate and is a registered pharmacist and is duly and regularly engaged in carrying on the business of pharmaceutical chemistry pursuant to chapter 18.64 RCW.

~~((17))~~ (18) "Drug store" means a place whose principal business is, the sale of drugs, medicines and pharmaceutical preparations and maintains a regular prescription department and employs a registered pharmacist during all hours the drug store is open.

~~((18))~~ (19) "Employee" means any person employed by the board.

~~((19))~~ (20) "Flavored malt beverage" means:

(a) A malt beverage containing six percent or less alcohol by volume to which flavoring or other added nonbeverage ingredients are added that contain distilled spirits of not more than forty-nine percent of the beverage's overall alcohol content; or

(b) A malt beverage containing more than six percent alcohol by volume to which flavoring or other added nonbeverage ingredients are added that contain distilled spirits of not more than one and one-half percent of the beverage's overall alcohol content.

~~((20))~~ (21) "Fund" means 'liquor revolving fund.'

~~((21))~~ (22) "Hotel" means every building or other structure kept, used, maintained, advertised or held out to the public to be a place where food is served and sleeping accommodations are offered for pay to transient guests, in which twenty or more rooms are used for the sleeping accommodation of such transient guests and having one or more dining rooms where meals are served to such transient guests, such sleeping accommodations and dining rooms being conducted in the same building and buildings, in connection therewith, and such structure or structures being provided, in the judgment of the board, with adequate and sanitary kitchen and dining room equipment and capacity, for preparing, cooking and serving suitable food for its guests: PROVIDED FURTHER, That in cities and towns of less than five thousand population, the board shall have authority to waive the provisions requiring twenty or more rooms.

~~((22))~~ (23) "Importer" means a person who buys distilled spirits from a distillery outside the state of Washington and imports such spirituous liquor into the state for sale to the board or for export.

~~((23))~~ (24) "Imprisonment" means confinement in the county jail.

~~((24))~~ (25) "Liquor" includes the four varieties of liquor herein defined (alcohol, spirits, wine and beer), and all fermented, spirituous, vinous, or malt liquor, or combinations thereof, and mixed liquor, a part of which is fermented, spirituous, vinous or malt liquor, or otherwise intoxicating; and every liquid or solid or semisolid or other substance, patented or not, containing alcohol, spirits,

wine or beer, and all drinks or drinkable liquids and all preparations or mixtures capable of human consumption, and any liquid, semisolid, solid, or other substance, which contains more than one percent of alcohol by weight shall be conclusively deemed to be intoxicating. Liquor does not include confections or food products that contain one percent or less of alcohol by weight.

~~((25))~~ (26) "Manufacturer" means a person engaged in the preparation of liquor for sale, in any form whatsoever.

~~((26))~~ (27) "Malt beverage" or "malt liquor" means any beverage such as beer, ale, lager beer, stout, and porter obtained by the alcoholic fermentation of an infusion or decoction of pure hops, or pure extract of hops and pure barley malt or other wholesome grain or cereal in pure water containing not more than eight percent of alcohol by weight, and not less than one-half of one percent of alcohol by volume. For the purposes of this title, any such beverage containing more than eight percent of alcohol by weight shall be referred to as "strong beer."

~~((27))~~ (28) "Package" means any container or receptacle used for holding liquor.

~~((28))~~ (29) "Passenger vessel" means any boat, ship, vessel, barge, or other floating craft of any kind carrying passengers for compensation.

~~((29))~~ (30) "Permit" means a permit for the purchase of liquor under this title.

~~((30))~~ (31) "Person" means an individual, copartnership, association, or corporation.

~~((31))~~ (32) "Physician" means a medical practitioner duly and regularly licensed and engaged in the practice of his profession within the state pursuant to chapter 18.71 RCW.

~~((32))~~ (33) "Prescription" means a memorandum signed by a physician and given by him to a patient for the obtaining of liquor pursuant to this title for medicinal purposes.

~~((33))~~ (34) "Public place" includes streets and alleys of incorporated cities and towns; state or county or township highways or roads; buildings and grounds used for school purposes; public dance halls and grounds adjacent thereto; those parts of establishments where beer may be sold under this title, soft drink establishments, public buildings, public meeting halls, lobbies, halls and dining rooms of hotels, restaurants, theatres, stores, garages and filling stations which are open to and are generally used by the public and to which the public is permitted to have unrestricted access; railroad trains, stages, and other public conveyances of all kinds and character, and the depots and waiting rooms used in conjunction therewith which are open to unrestricted use and access by the public; publicly owned bathing beaches, parks, and/or playgrounds; and all other places of like or similar nature to which the general public has unrestricted right of access, and which are generally used by the public.

~~((34))~~ (35) "Regulations" means regulations made by the board under the powers conferred by this title.

~~((35))~~ (36) "Restaurant" means any establishment provided with special space and accommodations where, in consideration of payment, food, without lodgings, is habitually furnished to the public, not including drug stores and soda fountains.

~~((36))~~ (37) "Sale" and "sell" include exchange, barter, and traffic; and also include the selling or supplying or distributing, by any means whatsoever, of liquor, or of any liquid known or described as beer or by any name whatever commonly used to describe malt or brewed liquor or of wine, by any person to any person; and also include a sale or selling within the state to a foreign consignee or his agent in the state. "Sale" and "sell" shall not include the giving, at no charge, of a reasonable amount of liquor by a person not licensed by the board to a person not licensed by the board, for personal use only. "Sale" and "sell" also does not include a raffle authorized under RCW 9.46.0315(~~PROVIDED, That~~). However, the nonprofit organization conducting the raffle has obtained the appropriate permit from the board.

~~((37))~~ (38) "Soda fountain" means a place especially equipped with apparatus for the purpose of dispensing soft drinks, whether mixed or otherwise.

~~((38))~~ (39) "Spirits" means any beverage which contains alcohol obtained by distillation, except flavored malt beverages, but including wines exceeding twenty-four percent of alcohol by volume.

~~((39))~~ (40) "Store" means a state liquor store established under this title.

~~((40))~~ (41) "Tavern" means any establishment with special space and accommodation for sale by the glass and for consumption on the premises, of beer, as herein defined.

~~((41))~~ (42) "Winery" means a business conducted by any person for the manufacture of wine for sale, other than a domestic winery.

~~((42))~~ (43)(a) "Wine" means any alcoholic beverage obtained by fermentation of fruits (grapes, berries, apples, et cetera) or other agricultural product containing sugar, to which any saccharine substances may have been added before, during or after fermentation, and containing not more than twenty-four percent of alcohol by volume, including sweet wines fortified with wine spirits, such as port, sherry, muscatel and angelica, not exceeding twenty-four percent of alcohol by volume and not less than one-half of one percent of alcohol by volume. For purposes of this title, any beverage containing no more than fourteen percent of alcohol by volume when bottled or packaged by the manufacturer shall be referred to as "table wine," and any beverage containing alcohol in an amount more than fourteen percent by volume when bottled or packaged by the manufacturer shall be referred to as "fortified wine." However, "fortified wine" shall not include: (i) Wines that are both sealed or capped by cork closure and aged two years or more; and (ii) wines that contain more than fourteen percent alcohol by volume solely as a result of the natural fermentation process and that have not been produced with the addition of wine spirits, brandy, or alcohol.

(b) This subsection shall not be interpreted to require that any wine be labeled with the designation "table wine" or "fortified wine."

~~((43))~~ (44) "Wine distributor" means a person who buys wine from a domestic winery, wine certificate of approval holder, or wine importer, or who acquires foreign produced wine from a source outside of the United States, for the purpose of selling the same not in violation of this title, or who represents such vintner or winery as agent.

~~((44))~~ (45) "Wine importer" means a person or business within Washington who purchases wine from a wine certificate of approval holder or

who acquires foreign produced wine from a source outside of the United States for the purpose of selling the same pursuant to this title.

Sec. 4. RCW 66.04.010 and 2007 c 370 s 10 and 2007 c 226 s 1 are each reenacted and amended to read as follows:

In this title, unless the context otherwise requires:

(1) "Alcohol" is that substance known as ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, which is commonly produced by the fermentation or distillation of grain, starch, molasses, or sugar, or other substances including all dilutions and mixtures of this substance. The term "alcohol" does not include alcohol in the possession of a manufacturer or distiller of alcohol fuel, as described in RCW 66.12.130, which is intended to be denatured and used as a fuel for use in motor vehicles, farm implements, and machines or implements of husbandry.

(2) "Authorized representative" means a person who:

(a) Is required to have a federal basic permit issued pursuant to the federal alcohol administration act, 27 U.S.C. Sec. 204;

(b) Has its business located in the United States outside of the state of Washington;

(c) Acquires ownership of beer or wine for transportation into and resale in the state of Washington; and which beer or wine is produced anywhere outside Washington by a brewery or winery which does not hold a certificate of approval issued by the board; and

(d) Is appointed by the brewery or winery referenced in (c) of this subsection as its exclusive authorized representative for marketing and selling its products within the United States in accordance with a written agreement between the authorized representative and such brewery or winery pursuant to this title. The board may waive the requirement for the written agreement of exclusivity in situations consistent with the normal marketing practices of certain products, such as classified growths.

(3) "Beer" means any malt beverage, flavored malt beverage, or malt liquor as these terms are defined in this chapter.

(4) "Beer distributor" means a person who buys beer from a domestic brewery, microbrewery, beer certificate of approval holder, or beer importers, or who acquires foreign produced beer from a source outside of the United States, for the purpose of selling the same pursuant to this title, or who represents such brewer or brewery as agent.

(5) "Beer importer" means a person or business within Washington who purchases beer from a beer certificate of approval holder or who acquires foreign produced beer from a source outside of the United States for the purpose of selling the same pursuant to this title.

(6) "Brewer" or "brewery" means any person engaged in the business of manufacturing beer and malt liquor. Brewer includes a brand owner of malt beverages who holds a brewer's notice with the federal bureau of alcohol, tobacco, and firearms at a location outside the state and whose malt beverage is contract-produced by a licensed in-state brewery, and who may exercise within the state, under a domestic brewery license, only the privileges of storing, selling to licensed beer distributors, and exporting beer from the state.

(7) "Board" means the liquor control board, constituted under this title.

(8) "Club" means an organization of persons, incorporated or unincorporated, operated solely for fraternal, benevolent, educational, athletic or social purposes, and not for pecuniary gain.

(9) "Confection" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, dairy products, or flavorings, in the form of bars, drops, or pieces.

(10) "Consume" includes the putting of liquor to any use, whether by drinking or otherwise.

(11) "Contract liquor store" means a business that sells liquor on behalf of the board through a contract with a contract liquor store manager.

(12) "Craft distillery" means a distillery that pays the reduced licensing fee under section 1 of this act.

~~(13)~~ "Dentist" means a practitioner of dentistry duly and regularly licensed and engaged in the practice of his profession within the state pursuant to chapter 18.32 RCW.

~~((13))~~ (14) "Distiller" means a person engaged in the business of distilling spirits.

~~((14))~~ (15) "Domestic brewery" means a place where beer and malt liquor are manufactured or produced by a brewer within the state.

~~((15))~~ (16) "Domestic winery" means a place where wines are manufactured or produced within the state of Washington.

~~((16))~~ (17) "Druggist" means any person who holds a valid certificate and is a registered pharmacist and is duly and regularly engaged in carrying on the business of pharmaceutical chemistry pursuant to chapter 18.64 RCW.

~~((17))~~ (18) "Drug store" means a place whose principal business is, the sale of drugs, medicines and pharmaceutical preparations and maintains a regular prescription department and employs a registered pharmacist during all hours the drug store is open.

~~((18))~~ (19) "Employee" means any person employed by the board.

~~((19))~~ (20) "Flavored malt beverage" means:

(a) A malt beverage containing six percent or less alcohol by volume to which flavoring or other added nonbeverage ingredients are added that contain distilled spirits of not more than forty-nine percent of the beverage's overall alcohol content; or

(b) A malt beverage containing more than six percent alcohol by volume to which flavoring or other added nonbeverage ingredients are added that contain distilled spirits of not more than one and one-half percent of the beverage's overall alcohol content.

~~((20))~~ (21) "Fund" means 'liquor revolving fund.'

~~((21))~~ (22) "Hotel" means buildings, structures, and grounds, having facilities for preparing, cooking, and serving food, that are kept, used, maintained, advertised, or held out to the public to be a place where food is served and sleeping accommodations are offered for pay to transient guests, in which twenty or more rooms are used for the sleeping accommodation of such transient guests. The buildings, structures, and grounds must be located on adjacent property either owned or leased by the same person or persons.

~~((22))~~ (23) "Importer" means a person who buys distilled spirits from a distillery outside the state of Washington and imports such spirituous liquor into the state for sale to the board or for export.

~~((23))~~ (24) "Imprisonment" means confinement in the county jail.

~~((24))~~ (25) "Liquor" includes the four varieties of liquor herein defined (alcohol, spirits, wine and beer), and all fermented, spirituous, vinous, or malt liquor, or combinations thereof, and mixed liquor, a part of which is fermented, spirituous, vinous or malt liquor, or otherwise intoxicating; and every liquid or solid or semisolid or other substance, patented or not, containing alcohol, spirits, wine or beer, and all drinks or drinkable liquids and all preparations or mixtures capable of human consumption, and any liquid, semisolid, solid, or other substance, which contains more than one percent of alcohol by weight shall be conclusively deemed to be intoxicating. Liquor does not include confections or food products that contain one percent or less of alcohol by weight.

~~((25))~~ (26) "Manufacturer" means a person engaged in the preparation of liquor for sale, in any form whatsoever.

~~((26))~~ (27) "Malt beverage" or "malt liquor" means any beverage such as beer, ale, lager beer, stout, and porter obtained by the alcoholic fermentation of an infusion or decoction of pure hops, or pure extract of hops and pure barley malt or other wholesome grain or cereal in pure water containing not more than eight percent of alcohol by weight, and not less than one-half of one percent of alcohol by volume. For the purposes of this title, any such beverage containing more than eight percent of alcohol by weight shall be referred to as "strong beer."

~~((27))~~ (28) "Package" means any container or receptacle used for holding liquor.

~~((28))~~ (29) "Passenger vessel" means any boat, ship, vessel, barge, or other floating craft of any kind carrying passengers for compensation.

~~((29))~~ (30) "Permit" means a permit for the purchase of liquor under this title.

~~((30))~~ (31) "Person" means an individual, copartnership, association, or corporation.

~~((31))~~ (32) "Physician" means a medical practitioner duly and regularly licensed and engaged in the practice of his profession within the state pursuant to chapter 18.71 RCW.

~~((32))~~ (33) "Prescription" means a memorandum signed by a physician and given by him to a patient for the obtaining of liquor pursuant to this title for medicinal purposes.

~~((33))~~ (34) "Public place" includes streets and alleys of incorporated cities and towns; state or county or township highways or roads; buildings and grounds used for school purposes; public dance halls and grounds adjacent thereto; those parts of establishments where beer may be sold under this title, soft drink establishments, public buildings, public meeting halls, lobbies, halls and dining rooms of hotels, restaurants, theatres, stores, garages and filling stations which are open to and are generally used by the public and to which the public is permitted to have unrestricted access; railroad trains, stages, and other public conveyances of all kinds and character, and the depots and waiting rooms used in conjunction therewith which are open to unrestricted use and access by the public; publicly owned bathing beaches, parks, and/or playgrounds; and all other places of like or similar nature to which the general public has unrestricted right of access, and which are generally used by the public.

~~((34))~~ (35) "Regulations" means regulations made by the board under the powers conferred by this title.

~~((35))~~ (36) "Restaurant" means any establishment provided with special space and accommodations where, in consideration of payment, food, without lodgings, is habitually furnished to the public, not including drug stores and soda fountains.

~~((36))~~ (37) "Sale" and "sell" include exchange, barter, and traffic; and also include the selling or supplying or distributing, by any means whatsoever, of liquor, or of any liquid known or described as beer or by any name whatever commonly used to describe malt or brewed liquor or of wine, by any person to any person; and also include a sale or selling within the state to a foreign consignee or his agent in the state. "Sale" and "sell" shall not include the giving, at no charge, of a reasonable amount of liquor by a person not licensed by the board to a person not licensed by the board, for personal use only. "Sale" and "sell" also does not include a raffle authorized under RCW 9.46.0315: PROVIDED, That the nonprofit organization conducting the raffle has obtained the appropriate permit from the board.

~~((37))~~ (38) "Soda fountain" means a place especially equipped with apparatus for the purpose of dispensing soft drinks, whether mixed or otherwise.

~~((38))~~ (39) "Spirits" means any beverage which contains alcohol obtained by distillation, except flavored malt beverages, but including wines exceeding twenty-four percent of alcohol by volume.

~~((39))~~ (40) "Store" means a state liquor store established under this title.

~~((40))~~ (41) "Tavern" means any establishment with special space and accommodation for sale by the glass and for consumption on the premises, of beer, as herein defined.

~~((41))~~ (42) "Winery" means a business conducted by any person for the manufacture of wine for sale, other than a domestic winery.

~~((42))~~ (43)(a) "Wine" means any alcoholic beverage obtained by fermentation of fruits (grapes, berries, apples, et cetera) or other agricultural product containing sugar, to which any saccharine substances may have been added before, during or after fermentation, and containing not more than twenty-four percent of alcohol by volume, including sweet wines fortified with wine spirits, such as port, sherry, muscatel and angelica, not exceeding twenty-four percent of alcohol by volume and not less than one-half of one percent of alcohol by volume. For purposes of this title, any beverage containing no more than fourteen percent of alcohol by volume when bottled or packaged by the manufacturer shall be referred to as "table wine," and any beverage containing alcohol in an amount more than fourteen percent by volume when bottled or packaged by the manufacturer shall be referred to as "fortified wine." However, "fortified wine" shall not include: (i) Wines that are both sealed or capped by cork closure and aged two years or more; and (ii) wines that contain more than fourteen percent alcohol by volume solely as a result of the natural fermentation process and that have not been produced with the addition of wine spirits, brandy, or alcohol.

(b) This subsection shall not be interpreted to require that any wine be labeled with the designation "table wine" or "fortified wine."

~~((43))~~ (44) "Wine distributor" means a person who buys wine from a domestic winery, wine certificate of approval holder, or wine importer, or who

acquires foreign produced wine from a source outside of the United States, for the purpose of selling the same not in violation of this title, or who represents such vintner or winery as agent.

~~((44))~~ (45) "Wine importer" means a person or business within Washington who purchases wine from a wine certificate of approval holder or who acquires foreign produced wine from a source outside of the United States for the purpose of selling the same pursuant to this title.

Sec. 5. RCW 66.28.010 and 2007 c 370 s 2, 2007 c 369 s 1, 2007 c 222 s 3, and 2007 c 217 s 1 are each reenacted and amended to read as follows:

(1)(a) No manufacturer, importer, distributor, or authorized representative, or person financially interested, directly or indirectly, in such business; whether resident or nonresident, shall have any financial interest, direct or indirect, in any licensed retail business, unless the retail business is owned by a corporation in which a manufacturer or importer has no direct stock ownership and there are no interlocking officers and directors, the retail license is held by a corporation that is not owned directly or indirectly by a manufacturer or importer, the sales of liquor are incidental to the primary activity of operating the property as a hotel, alcoholic beverages produced by the manufacturer or importer or their subsidiaries are not sold at the licensed premises, and the board reviews the ownership and proposed method of operation of all involved entities and determines that there will not be an unacceptable level of control or undue influence over the operation or the retail licensee; nor shall any manufacturer, importer, distributor, or authorized representative own any of the property upon which such licensed persons conduct their business; nor shall any such licensed person, under any arrangement whatsoever, conduct his or her business upon property in which any manufacturer, importer, distributor, or authorized representative has any interest unless title to that property is owned by a corporation in which a manufacturer has no direct stock ownership and there are no interlocking officers or directors, the retail license is held by a corporation that is not owned directly or indirectly by the manufacturer, the sales of liquor are incidental to the primary activity of operating the property either as a hotel or as an amphitheater offering live musical and similar live entertainment activities to the public, alcoholic beverages produced by the manufacturer or any of its subsidiaries are not sold at the licensed premises, and the board reviews the ownership and proposed method of operation of all involved entities and determines that there will not be an unacceptable level of control or undue influence over the operation of the retail licensee. Except as provided in subsection (3) of this section, no manufacturer, importer, distributor, or authorized representative shall advance moneys or moneys' worth to a licensed person under an arrangement, nor shall such licensed person receive, under an arrangement, an advance of moneys or moneys' worth. "Person" as used in this section only shall not include those state or federally chartered banks, state or federally chartered savings and loan associations, state or federally chartered mutual savings banks, or institutional investors which are not controlled directly or indirectly by a manufacturer, importer, distributor, or authorized representative as long as the bank, savings and loan association, or institutional investor does not influence or attempt to influence the purchasing practices of the retailer with respect to alcoholic beverages. Except as otherwise provided in this section, no manufacturer, importer, distributor, or authorized representative

shall be eligible to receive or hold a retail license under this title, nor shall such manufacturer, importer, distributor, or authorized representative sell at retail any liquor as herein defined. A corporation granted an exemption under this subsection may use debt instruments issued in connection with financing construction or operations of its facilities.

(b) Nothing in this section shall prohibit a licensed domestic brewery or microbrewery from being licensed as a retailer pursuant to chapter 66.24 RCW for the purpose of selling beer or wine at retail on the brewery premises and at one additional off-site retail only location and nothing in this section shall prohibit a domestic winery from being licensed as a retailer pursuant to chapter 66.24 RCW for the purpose of selling beer or wine at retail on the winery premises. Such beer and wine so sold at retail shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210 and to reporting and bonding requirements as prescribed by regulations adopted by the board pursuant to chapter 34.05 RCW, and beer and wine that is not produced by the brewery or winery shall be purchased from a licensed beer or wine distributor. Nothing in this section shall prohibit a microbrewery holding a beer and/or wine restaurant license under RCW 66.24.320 from holding the same privileges and endorsements attached to the beer and/or wine restaurant license. Nothing in this section shall prohibit a licensed craft distillery from selling spirits of its own production under section 2 of this act.

(c) Nothing in this section shall prohibit a licensed distiller, domestic brewery, microbrewery, domestic winery, or a lessee of a licensed domestic brewer, microbrewery, or domestic winery, from being licensed as a spirits, beer, and wine restaurant pursuant to chapter 66.24 RCW for the purpose of selling liquor at a spirits, beer, and wine restaurant premises on the property on which the primary manufacturing facility of the licensed distiller, domestic brewer, microbrewery, or domestic winery is located or on contiguous property owned or leased by the licensed distiller, domestic brewer, microbrewery, or domestic winery as prescribed by rules adopted by the board pursuant to chapter 34.05 RCW. Nothing in this section shall prohibit a microbrewery holding a spirits, beer, and wine restaurant license under RCW 66.24.420 from holding the same privileges and endorsements attached to the spirits, beer, and wine restaurant license. This section does not prohibit a brewery or microbrewery holding a spirits, beer, and wine restaurant license or a beer and/or wine license under chapter 66.24 RCW operated on the premises of the brewery or microbrewery from holding a second retail only license at a location separate from the premises of the brewery or microbrewery.

(d) Nothing in this section prohibits retail licensees with a caterer's endorsement issued under RCW 66.24.320 or 66.24.420 from operating on a domestic winery premises.

(e) Nothing in this section prohibits an organization qualifying under RCW 66.24.375 formed for the purpose of constructing and operating a facility to promote Washington wines from holding retail licenses on the facility property or leasing all or any portion of such facility property to a retail licensee on the facility property if the members of the board of directors or officers of the board for the organization include officers, directors, owners, or employees of a licensed domestic winery. Financing for the construction of the facility must include both public and private money.

(f) Nothing in this section prohibits a bona fide charitable nonprofit society or association registered under section 501(c)(3) of the internal revenue code, or a local wine industry association registered under section 501(c)(6) of the internal revenue code as it exists on July 22, 2007, and having an officer, director, owner, or employee of a licensed domestic winery or a wine certificate of approval holder on its board of directors from holding a special occasion license under RCW 66.24.380.

(g)(i) Nothing in this section prohibits domestic wineries and retailers licensed under chapter 66.24 RCW from producing, jointly or together with regional, state, or local wine industry associations, brochures and materials promoting tourism in Washington state which contain information regarding retail licensees, domestic wineries, and their products.

(ii) Nothing in this section prohibits: (A) Domestic wineries, domestic breweries, microbreweries, and certificate of approval holders licensed under this chapter from listing on their internet web sites information related to retailers who sell or promote their products, including direct links to the retailers' internet web sites; and (B) retailers licensed under this chapter from listing on their internet web sites information related to domestic wineries, domestic breweries, microbreweries, and certificate of approval holders whose products those retailers sell or promote, including direct links to the domestic wineries', domestic breweries', microbreweries', and certificate of approval holders' web sites.

(h) Nothing in this section prohibits the performance of personal services offered from time to time by a domestic winery or certificate of approval holder licensed under RCW 66.24.206(1)(a) for or on behalf of a licensed retail business when the personal services are (i) conducted at a licensed premises, and (ii) intended to inform, educate, or enhance customers' knowledge or experience of the manufacturer's products. The performance of personal services may include participation and pouring at the premises of a retailer holding a spirits, beer, and wine restaurant license, a wine and/or beer restaurant license, or a specialty wine shop license; bottle signings; and other similar informational or educational activities. A domestic winery or certificate of approval holder is not obligated to perform any such personal services, and a retail licensee may not require a domestic winery or certificate of approval holder to conduct any personal service as a condition for selling any alcohol to the retail licensee. Except as provided in RCW 66.28.150, the cost of sampling may not be borne, directly or indirectly, by any liquor manufacturer, importer, or distributor. Nothing in this section prohibits domestic wineries and retail licensees from identifying the wineries on private labels authorized under RCW 66.24.400, 66.24.425, and 66.24.450.

(i) Until July 1, 2007, nothing in this section prohibits a nonprofit statewide organization of microbreweries formed for the purpose of promoting Washington's craft beer industry as a trade association registered as a 501(c) with the internal revenue service from holding a special occasion license to conduct up to six beer festivals.

(j) Nothing in this section shall prohibit a manufacturer, importer, or distributor from entering into an arrangement with any holder of a sports/entertainment facility license or an affiliated business for brand advertising at the

licensed facility or promoting events held at the sports entertainment facility as authorized under RCW 66.24.570.

(2) Financial interest, direct or indirect, as used in this section, shall include any interest, whether by stock ownership, mortgage, lien, or through interlocking directors, or otherwise. Pursuant to rules promulgated by the board in accordance with chapter 34.05 RCW manufacturers, distributors, and importers may perform, and retailers may accept the service of building, rotating and restocking case displays and stock room inventories; rotating and rearranging can and bottle displays of their own products; provide point of sale material and brand signs; price case goods of their own brands; and perform such similar normal business services as the board may by regulation prescribe.

(3)(a) This section does not prohibit a manufacturer, importer, or distributor from providing services to a special occasion licensee for: (i) Installation of draft beer dispensing equipment or advertising, (ii) advertising, pouring, or dispensing of beer or wine at a beer or wine tasting exhibition or judging event, or (iii) a special occasion licensee from receiving any such services as may be provided by a manufacturer, importer, or distributor. Nothing in this section shall prohibit a retail licensee, or any person financially interested, directly or indirectly, in such a retail licensee from having a financial interest, direct or indirect, in a business which provides, for a compensation commensurate in value to the services provided, bottling, canning or other services to a manufacturer, so long as the retail licensee or person interested therein has no direct financial interest in or control of said manufacturer.

(b) A person holding contractual rights to payment from selling a liquor distributor's business and transferring the license shall not be deemed to have a financial interest under this section if the person (i) lacks any ownership in or control of the distributor, (ii) is not employed by the distributor, and (iii) does not influence or attempt to influence liquor purchases by retail liquor licensees from the distributor.

(c) The board shall adopt such rules as are deemed necessary to carry out the purposes and provisions of subsections (1)(g) and (h) and (3)(a) of this section in accordance with the administrative procedure act, chapter 34.05 RCW.

(4) A license issued under RCW 66.24.395 does not constitute a retail license for the purposes of this section.

(5) A public house license issued under RCW 66.24.580 does not violate the provisions of this section as to a retailer having an interest directly or indirectly in a liquor-licensed manufacturer.

Sec. 6. RCW 66.28.040 and 2004 c 160 s 11 are each amended to read as follows:

Except as permitted by the board under RCW 66.20.010, no domestic brewery, microbrewery, distributor, distiller, domestic winery, importer, rectifier, certificate of approval holder, or other manufacturer of liquor shall, within the state of Washington, give to any person any liquor; but nothing in this section nor in RCW 66.28.010 shall prevent a domestic brewery, microbrewery, distributor, domestic winery, distiller, certificate of approval holder, or importer from furnishing samples of beer, wine, or spirituous liquor to authorized licensees for the purpose of negotiating a sale, in accordance with regulations adopted by the liquor control board, provided that the samples are subject to taxes imposed by RCW 66.24.290 and 66.24.210, and in the case of spirituous

liquor, any product used for samples must be purchased at retail from the board; nothing in this section shall prevent the furnishing of samples of liquor to the board for the purpose of negotiating the sale of liquor to the state liquor control board; nothing in this section shall prevent a domestic brewery, microbrewery, domestic winery, distillery, certificate of approval holder, or distributor from furnishing beer, wine, or spirituous liquor for instructional purposes under RCW 66.28.150; nothing in this section shall prevent a domestic winery, certificate of approval holder, or distributor from furnishing wine without charge, subject to the taxes imposed by RCW 66.24.210, to a not-for-profit group organized and operated solely for the purpose of enology or the study of viticulture which has been in existence for at least six months and that uses wine so furnished solely for such educational purposes or a domestic winery, or an out-of-state certificate of approval holder, from furnishing wine without charge or a domestic brewery, or an out-of-state certificate of approval holder, from furnishing beer without charge, subject to the taxes imposed by RCW 66.24.210 or 66.24.290, to a nonprofit charitable corporation or association exempt from taxation under section 501(c)(3) of the internal revenue code of 1986 (26 U.S.C. Sec. 501(c)(3)) for use consistent with the purpose or purposes entitling it to such exemption; nothing in this section shall prevent a domestic brewery or microbrewery from serving beer without charge, on the brewery premises; nothing in this section shall prevent donations of wine for the purposes of RCW 66.12.180; ~~((and))~~ nothing in this section shall prevent a domestic winery from serving wine without charge, on the winery premises; and nothing in this section shall prevent a craft distillery from serving spirits without charge, on the distillery premises subject to section 2 of this act.

Sec. 7. RCW 66.28.060 and 1933 ex.s. c 62 s 26 are each amended to read as follows:

Every distillery licensed under this title shall make monthly reports to the board pursuant to the regulations. No such distillery shall make any sale of spirits within the state of Washington except to the board and as provided in section 2 of this act.

Sec. 8. RCW 66.24.210 and 2006 c 302 s 5, 2006 c 101 s 4, and 2006 c 49 s 8 are each reenacted and amended to read as follows:

(1) There is hereby imposed upon all wines except cider sold to wine distributors and the Washington state liquor control board, within the state a tax at the rate of twenty and one-fourth cents per liter. Any domestic winery or certificate of approval holder acting as a distributor of its own production shall pay taxes imposed by this section. There is hereby imposed on all cider sold to wine distributors and the Washington state liquor control board within the state a tax at the rate of three and fifty-nine one-hundredths cents per liter. However, wine sold or shipped in bulk from one winery to another winery shall not be subject to such tax.

(a) The tax provided for in this section shall be collected by direct payments based on wine purchased by wine distributors.

(b) Except as provided in subsection (7) of this section, every person purchasing wine under the provisions of this section shall on or before the twentieth day of each month report to the board all purchases during the preceding calendar month in such manner and upon such forms as may be

prescribed by the board, and with such report shall pay the tax due from the purchases covered by such report unless the same has previously been paid. Any such purchaser of wine whose applicable tax payment is not postmarked by the twentieth day following the month of purchase will be assessed a penalty at the rate of two percent a month or fraction thereof. The board may require that every such person shall execute to and file with the board a bond to be approved by the board, in such amount as the board may fix, securing the payment of the tax. If any such person fails to pay the tax when due, the board may forthwith suspend or cancel the license until all taxes are paid.

(c) Any licensed retailer authorized to purchase wine from a certificate of approval holder with a direct shipment endorsement or a domestic winery shall make monthly reports to the liquor control board on wine purchased during the preceding calendar month in the manner and upon such forms as may be prescribed by the board.

(2) An additional tax is imposed equal to the rate specified in RCW 82.02.030 multiplied by the tax payable under subsection (1) of this section. All revenues collected during any month from this additional tax shall be transferred to the state general fund by the twenty-fifth day of the following month.

(3) An additional tax is imposed on wines subject to tax under subsection (1) of this section, at the rate of one-fourth of one cent per liter for wine sold after June 30, 1987. After June 30, 1996, such additional tax does not apply to cider. An additional tax of five one-hundredths of one cent per liter is imposed on cider sold after June 30, 1996. All revenues collected under this subsection (3) shall be disbursed quarterly to the Washington wine commission for use in carrying out the purposes of chapter 15.88 RCW.

(4) An additional tax is imposed on all wine subject to tax under subsection (1) of this section. The additional tax is equal to twenty-three and forty-four one-hundredths cents per liter on fortified wine as defined in RCW 66.04.010(~~((44))~~) when bottled or packaged by the manufacturer, one cent per liter on all other wine except cider, and eighteen one-hundredths of one cent per liter on cider. All revenues collected during any month from this additional tax shall be deposited in the violence reduction and drug enforcement account under RCW 69.50.520 by the twenty-fifth day of the following month.

(5)(a) An additional tax is imposed on all cider subject to tax under subsection (1) of this section. The additional tax is equal to two and four one-hundredths cents per liter of cider sold after June 30, 1996, and before July 1, 1997, and is equal to four and seven one-hundredths cents per liter of cider sold after June 30, 1997.

(b) All revenues collected from the additional tax imposed under this subsection (5) shall be deposited in the health services account under RCW 43.72.900.

(6) For the purposes of this section, "cider" means table wine that contains not less than one-half of one percent of alcohol by volume and not more than seven percent of alcohol by volume and is made from the normal alcoholic fermentation of the juice of sound, ripe apples or pears. "Cider" includes, but is not limited to, flavored, sparkling, or carbonated cider and cider made from condensed apple or pear must.

(7) For the purposes of this section, out-of-state wineries shall pay taxes under this section on wine sold and shipped directly to Washington state

residents in a manner consistent with the requirements of a wine distributor under subsections (1) through (4) of this section, except wineries shall be responsible for the tax and not the resident purchaser.

Sec. 9. RCW 66.24.481 and 1969 ex.s. c 250 s 2 are each amended to read as follows:

No public place or club, or agent, servant or employee thereof, shall keep or allow to be kept, either by itself, its agent, servant or employee, or any other person, any liquor in any place maintained or conducted by such public place or club, nor shall it permit the drinking of any liquor in any such place, unless the sale of liquor in said place is authorized by virtue of a valid and subsisting license issued by the Washington state liquor control board, or the consumption of liquor in said place is authorized by a special banquet permit issued by said board. Every person who violates any provision of this section shall be guilty of a gross misdemeanor.

"Public place," for purposes of this section only, shall mean in addition to the definition set forth in RCW 66.04.010(~~(24)~~), any place to which admission is charged or in which any pecuniary gain is realized by the owner or operator of such place in selling or vending food or soft drinks.

Sec. 10. RCW 66.20.300 and 1997 c 321 s 44 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout RCW 66.20.310 through 66.20.350.

(1) "Alcohol" has the same meaning as "liquor" in RCW 66.04.010.

(2) "Alcohol server" means any person (~~(serving or selling alcohol, spirits, wines, or beer)~~) who as part of his or her employment participates in the sale or service of alcoholic beverages for consumption at ((an on-premises)) a retail licensed ((facility)) premise as a regular requirement of his or her employment, and includes those persons eighteen years of age or older permitted by the liquor laws of this state to serve alcoholic beverages with meals.

(3) "Board" means the Washington state liquor control board.

(4) "Training entity" means any liquor licensee associations, independent contractors, private persons, and private or public schools, that have been certified by the board.

(5) "Retail licensed premises" means any:

(a) Premises licensed to sell alcohol by the glass or by the drink, or in original containers primarily for consumption on the premises as authorized by RCW 66.24.320, 66.24.330, 66.24.350, 66.24.400, 66.24.425, 66.24.450, and 66.24.570; and

(b) Distillery licensed pursuant to RCW 66.24.140 that is authorized to serve samples of its own production.

Sec. 11. RCW 66.20.310 and 2007 c 370 s 17 are each amended to read as follows:

(1)(a) There shall be an alcohol server permit, known as a class 12 permit, for a manager or bartender selling or mixing alcohol, spirits, wines, or beer for consumption at an on-premises licensed facility.

(b) There shall be an alcohol server permit, known as a class 13 permit, for a person who only serves alcohol, spirits, wines, or beer for consumption at an on-premises licensed facility.

(c) As provided by rule by the board, a class 13 permit holder may be allowed to act as a bartender without holding a class 12 permit.

(2)(a) Effective January 1, 1997, except as provided in (d) of this subsection, every ~~((person))~~ alcohol server employed, under contract or otherwise ~~((, by an annual retail liquor licensee holding a license as authorized by RCW 66.24.320, 66.24.330, 66.24.350, 66.24.400, 66.24.425, 66.24.450, 66.24.590, or 66.24.570, who as part of his or her employment participates in any manner in the sale or service of alcoholic beverages))~~ at a retail licensed premise, shall have issued to them a class 12 or class 13 permit.

(b) Every class 12 and class 13 permit issued shall be issued in the name of the applicant and no other person may use the permit of another permit holder. The holder shall present the permit upon request to inspection by a representative of the board or a peace officer. The class 12 or class 13 permit shall be valid for employment at any retail licensed premises described in (a) of this subsection.

(c) No licensee ~~((described in (a) of this subsection))~~ holding a license as authorized by RCW 66.24.320, 66.24.330, 66.24.350, 66.24.400, 66.24.425, 66.24.450, and 66.24.570, except as provided in (d) of this subsection, may employ or accept the services of any person without the person first having a valid class 12 or class 13 permit.

(d) Within sixty days of initial employment, every person whose duties include the compounding, sale, service, or handling of liquor shall have a class 12 or class 13 permit.

(e) No person may perform duties that include the sale or service of alcoholic beverages on a retail licensed premises without possessing a valid alcohol server permit.

(3) A permit issued by a training entity under this section is valid for employment at any retail licensed premises described in subsection (2)(a) of this section for a period of five years unless suspended by the board.

(4) The board may suspend or revoke an existing permit if any of the following occur:

(a) The applicant or permittee has been convicted of violating any of the state or local intoxicating liquor laws of this state or has been convicted at any time of a felony; or

(b) The permittee has performed or permitted any act that constitutes a violation of this title or of any rule of the board.

(5) The suspension or revocation of a permit under this section does not relieve a licensee from responsibility for any act of the employee or agent while employed upon the retail licensed premises. The board may, as appropriate, revoke or suspend either the permit of the employee who committed the violation or the license of the licensee upon whose premises the violation occurred, or both the permit and the license.

(6)(a) After January 1, 1997, it is a violation of this title for any retail licensee or agent of a retail licensee as described in subsection (2)(a) of this section to employ in the sale or service of alcoholic beverages, any person who does not have a valid alcohol server permit or whose permit has been revoked, suspended, or denied.

(b) It is a violation of this title for a person whose alcohol server permit has been denied, suspended, or revoked to accept employment in the sale or service of alcoholic beverages.

(7) Grocery stores licensed under RCW 66.24.360, the primary commercial activity of which is the sale of grocery products and for which the sale and service of beer and wine for on-premises consumption with food is incidental to the primary business, and employees of such establishments, are exempt from RCW 66.20.300 through 66.20.350.

NEW SECTION. Sec. 12. Section 3 of this act expires July 1, 2008.

NEW SECTION. Sec. 13. Sections 4 and 11 of this act take effect July 1, 2008.

Passed by the House February 15, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 95

[Second Substitute House Bill 3129]

ONLINE LEARNING

AN ACT Relating to support for online learning for high school students to earn college credit; amending RCW 28A.600.320; adding a new section to chapter 28A.300 RCW; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that student interest and participation in online learning continues to grow. At the same time, the legislature, business community, and public are encouraging additional programs for high school students to earn college credits. Fortunately for students attending schools in rural areas, the two trends can be combined to provide learning opportunities that are both rigorous and accessible, and in some cases available free to the student. In 2006-07, more than four thousand five hundred students were able to take an online college course through the running start program, which the community and technical college system makes accessible statewide through its WashingtonOnline consortium. A more concerted effort is needed to make schools and students aware of these opportunities.

NEW SECTION. Sec. 2. A new section is added to chapter 28A.300 RCW to read as follows:

(1) The office of the superintendent of public instruction shall compile information about online learning programs for high school students to earn college credit and place the information on its web site. Examples of information to be compiled and placed on the web site include links to purveyors of online learning programs, comparisons among various types of programs regarding costs or awarding of credit, advantages and disadvantages of online learning programs, and other general assistance and guidance for students, teachers, and counselors in selecting and considering online learning programs. The office shall use the expertise of the digital learning commons and WashingtonOnline to provide assistance and suggest resources.

(2) High schools shall ensure that teachers and counselors have information about online learning programs for high school students to earn college credit and are able to assist parents and students in accessing the information. High schools shall ensure that parents and students have opportunities to learn about online learning programs under this section.

(3) For the purposes of this section, online learning programs for high school students to earn college credit include such programs as the running start program under RCW 28A.600.300 through 28A.600.400, advanced placement courses authorized by the college board, the digital learning commons, University of Washington extension, WashingtonOnline, and other programs and providers that meet qualifications under current laws and rules to offer courses that high schools may accept for credit toward graduation requirements or that offer courses generally accepted for credit by public institutions of higher education in Washington.

Sec. 3. RCW 28A.600.320 and 1994 c 205 s 3 are each amended to read as follows:

A school district shall provide general information about the program to all pupils in grades ten, eleven, and twelve and the parents and guardians of those pupils, including information about the opportunity to enroll in the program through online courses available at community and technical colleges and other state institutions of higher education. To assist the district in planning, a pupil shall inform the district of the pupil's intent to enroll in courses at an institution of higher education for credit. Students are responsible for applying for admission to the institution of higher education.

NEW SECTION. **Sec. 4.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 96

[House Bill 3200]

CEMETERY DISTRICTS

AN ACT Relating to establishing a cemetery district in a county; amending RCW 68.52.100; and adding a new section to chapter 68.52 RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 68.52.100 and 1994 c 223 s 74 are each amended to read as follows:

For the purpose of forming a cemetery district, a petition designating the boundaries of the proposed district by metes and bounds or describing the lands to be included in the proposed district by government townships, ranges, and legal subdivisions, signed by not less than ~~((fifteen))~~ ten percent of the registered voters who reside within the boundaries of the proposed district, setting forth the object of the formation of such district and stating that the establishment thereof will be conducive to the public welfare and convenience, shall be filed with the

county auditor of the county within which the proposed district is located, accompanied by an obligation signed by two or more petitioners agreeing to pay the cost of publishing the notice hereinafter provided for. The county auditor shall, within thirty days from the date of filing of such petition, examine the signatures and certify to the sufficiency or insufficiency thereof. The name of any person who signed a petition shall not be withdrawn from the petition after it has been filed with the county auditor. If the petition is found to contain a sufficient number of valid signatures, the county auditor shall transmit it, with a certificate of sufficiency attached, to the county legislative authority, which shall thereupon, by resolution entered upon its minutes, receive the same and fix a day and hour when it will publicly hear the petition.

NEW SECTION. Sec. 2. A new section is added to chapter 68.52 RCW to read as follows:

A county legislative authority may, by ordinance or resolution, provide for a ballot proposition to form a cemetery district. When proposed by ordinance or resolution of the county legislative authority, a ballot proposition shall designate the boundaries of the proposed district by metes and bounds or describing the lands to be included in the proposed district by government townships, ranges, and legal subdivisions. The ballot proposition authorizing the formation of a cemetery district shall be submitted to the voters residing within the proposed district consistent with the provisions of this chapter.

Passed by the House February 13, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 97

[Second Substitute House Bill 2713]

CONVICTED SEX OFFENDERS—DNA

AN ACT Relating to DNA identification of convicted sex offenders and other persons; and amending RCW 43.43.753, 43.43.754, 43.43.7541, and 43.43.756.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 43.43.753 and 2002 c 289 s 1 are each amended to read as follows:

The legislature finds that recent developments in molecular biology and genetics have important applications for forensic science. It has been scientifically established that there is a unique pattern to the chemical structure of the deoxyribonucleic acid (DNA) contained in each cell of the human body. The process for identifying this pattern is called "DNA identification."

The legislature further finds that DNA databases are important tools in criminal investigations, in the exclusion of individuals who are the subject of investigations or prosecutions, and in detecting recidivist acts. It is the policy of this state to assist federal, state, and local criminal justice and law enforcement agencies in both the identification and detection of individuals in criminal investigations and the identification and location of missing and unidentified persons. Therefore, it is in the best interest of the state to establish a DNA database and DNA data bank containing DNA samples submitted by persons

convicted of felony offenses and other crimes as specified in RCW 43.43.754. DNA samples necessary for the identification of missing persons and unidentified human remains shall also be included in the DNA database.

The legislature further finds that the DNA identification system used by the federal bureau of investigation and the Washington state patrol has no ability to predict genetic disease or predisposal to illness. Nonetheless, the legislature intends that biological samples collected under RCW 43.43.754, and DNA identification data obtained from the samples, be used only for purposes related to criminal investigation, identification of human remains or missing persons, or improving the operation of the system authorized under RCW 43.43.752 through 43.43.758.

Sec. 2. RCW 43.43.754 and 2002 c 289 s 2 are each amended to read as follows:

(1) A biological sample must be collected for purposes of DNA identification analysis from:

(a) Every adult or juvenile individual convicted of a felony (~~(, stalking under RCW 9A.46.110, harassment under RCW 9A.46.020, communicating with a minor for immoral purposes under RCW 9.68A.090, or adjudicated guilty of an equivalent juvenile offense must have a biological sample collected for purposes of DNA identification analysis in the following manner~~), or any of the following crimes (or equivalent juvenile offenses):

Assault in the fourth degree with sexual motivation (RCW 9A.36.041, 9.94A.835)

Communication with a minor for immoral purposes (RCW 9.68A.090)

Custodial sexual misconduct in the second degree (RCW 9A.44.170)

Failure to register (RCW 9A.44.130)

Harassment (RCW 9A.46.020)

Patronizing a prostitute (RCW 9A.88.110)

Sexual misconduct with a minor in the second degree (RCW 9A.44.096)

Stalking (RCW 9A.46.110)

Violation of a sexual assault protection order granted under chapter 7.90 RCW; and

(b) Every adult or juvenile individual who is required to register under RCW 9A.44.130.

(2) If the Washington state patrol crime laboratory already has a DNA sample from an individual for a qualifying offense, a subsequent submission is not required to be submitted.

(3) Biological samples shall be collected in the following manner:

(a) For persons convicted of (~~such offenses~~) any offense listed in subsection (1)(a) of this section or adjudicated guilty of an equivalent juvenile offense who do not serve a term of confinement in a department of corrections facility, and do serve a term of confinement in a city or county jail facility, the city or county shall be responsible for obtaining the biological samples (~~either as part of the intake process into the city or county jail or detention facility for those persons convicted on or after July 1, 2002, or within a reasonable time after July 1, 2002, for those persons incarcerated before July 1, 2002, who have not yet had a biological sample collected, beginning with those persons who will be released the soonest~~).

(b) The local police department or sheriff's office shall be responsible for obtaining the biological samples for:

(i) Persons convicted of ~~((such offenses))~~ any offense listed in subsection (1)(a) of this section or adjudicated guilty of an equivalent juvenile offense who do not serve a term of confinement in a department of corrections facility, and do not serve a term of confinement in a city or county jail facility~~((, the local police department or sheriff's office is responsible for obtaining the biological samples after sentencing on or after July 1, 2002)); and~~

(ii) Persons who are required to register under RCW 9A.44.030.

(c) For persons convicted of ~~((such offenses))~~ any offense listed in subsection (1)(a) of this section or adjudicated guilty of an equivalent juvenile offense, who are serving or who are to serve a term of confinement in a department of corrections facility or a department of social and health services facility, the facility holding the person shall be responsible for obtaining the biological samples ~~((either as part of the intake process into such facility for those persons convicted on or after July 1, 2002, or within a reasonable time after July 1, 2002.)). For those persons incarcerated before ~~((July 1, 2002))~~ the effective date of this section, who have not yet had a biological sample collected, ~~((beginning with))~~ priority shall be given to those persons who will be released the soonest.~~

~~((2)) (4) Any biological sample taken pursuant to RCW 43.43.752 through 43.43.758 may be retained by the forensic laboratory services bureau, and shall be used solely for the purpose of providing DNA or other tests for identification analysis and prosecution of a criminal offense or for the identification of human remains or missing persons. Nothing in this section prohibits the submission of results derived from the biological samples to the federal bureau of investigation combined DNA index system.~~

~~((3)) (5) The ~~((director of the))~~ forensic laboratory services bureau of the Washington state patrol ~~((shall perform))~~ is responsible for testing performed on all biological samples that are collected under subsection (1) of this section, to the extent allowed by funding available for this purpose. The director shall give priority to testing on samples collected from those adults or juveniles convicted of a felony or adjudicated guilty of an equivalent juvenile offense that is defined as a sex offense or a violent offense in RCW 9.94A.030. Known duplicate samples may be excluded from testing unless testing is deemed necessary or advisable by the director.~~

~~((4) This section applies to all adults who are convicted of a sex or violent offense after July 1, 1990; and to all adults who were convicted of a sex or violent offense on or prior to July 1, 1990, and who are still incarcerated on or after July 25, 1999. This section applies to all juveniles who are adjudicated guilty of a sex or violent offense after July 1, 1994; and to all juveniles who were adjudicated guilty of a sex or violent offense on or prior to July 1, 1994, and who are still incarcerated on or after July 25, 1999. This section applies to all adults and juveniles who are convicted of a felony other than a sex or violent offense, stalking under RCW 9A.46.110, harassment under RCW 9A.46.020, or communicating with a minor for immoral purposes under RCW 9.68A.090, or adjudicated guilty of an equivalent juvenile offense, on or after July 1, 2002; and to all adults and juveniles who were convicted or adjudicated guilty of such an~~

~~offense before July 1, 2002, and are still incarcerated on or after July 1, 2002.))~~

(6) This section applies to :

(a) All adults and juveniles to whom this section applied prior to the effective date of this section;

(b) All adults and juveniles to whom this section did not apply prior to the effective date of this section who:

(i) Are convicted on or after the effective date of this section of an offense listed in subsection (1)(a) of this section; or

(ii) Were convicted prior to the effective date of this section of an offense listed in subsection (1)(a) of this section and are still incarcerated on or after the effective date of this section; and

(c) All adults and juveniles who are required to register under RCW 9A.44.130 on or after the effective date of this section, whether convicted before, on, or after the effective date of this section.

~~((5))~~ (7) This section creates no rights in a third person. No cause of action may be brought based upon the noncollection or nonanalysis or the delayed collection or analysis of a biological sample authorized to be taken under RCW 43.43.752 through 43.43.758.

~~((6))~~ (8) The detention, arrest, or conviction of a person based upon a database match or database information is not invalidated if it is determined that the sample was obtained or placed in the database by mistake, or if the conviction or juvenile adjudication that resulted in the collection of the biological sample was subsequently vacated or otherwise altered in any future proceeding including but not limited to posttrial or postfact-finding motions, appeals, or collateral attacks.

Sec. 3. RCW 43.43.7541 and 2002 c 289 s 4 are each amended to read as follows:

Every sentence imposed under chapter 9.94A RCW~~((;))~~ for a ~~((felony))~~ crime specified in RCW 43.43.754 ~~((that is committed on or after July 1, 2002.))~~ must include a fee of one hundred dollars ~~((for collection of a biological sample as required under RCW 43.43.754, unless the court finds that imposing the fee would result in undue hardship on the offender)).~~ The fee is a court-ordered legal financial obligation as defined in RCW 9.94A.030, payable by the offender after payment of all other legal financial obligations included in the sentence has been completed. The clerk of the court shall transmit eighty percent of the fee~~((s))~~ collected to the state treasurer for deposit in the state DNA database account created under RCW 43.43.7532, and shall transmit twenty percent of the fee collected to the agency responsible for collection of a biological sample from the offender as required under RCW 43.43.754.

Sec. 4. RCW 43.43.756 and 1989 c 350 s 5 are each amended to read as follows:

The Washington state patrol ~~((in consultation with the University of Washington school of medicine))~~ forensic laboratory services bureau may:

(1) Provide DNA analysis services to law enforcement agencies throughout the state ~~((after July 1, 1990));~~

(2) Provide assistance to law enforcement officials and prosecutors in the preparation and utilization of DNA evidence for presentation in court; and

(3) Provide expert testimony in court on DNA evidentiary issues.

Passed by the House March 10, 2008.
Passed by the Senate March 7, 2008.
Approved by the Governor March 20, 2008.
Filed in Office of Secretary of State March 21, 2008.

CHAPTER 98

[House Bill 2786]

LEVEL I SEX OFFENDERS

AN ACT Relating to including level I offenders who fail to maintain registration as required by RCW 9A.44.130 to the statewide notification web site; and reenacting and amending RCW 4.24.550.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 4.24.550 and 2005 c 380 s 2, 2005 c 228 s 1, and 2005 c 99 s 1 are each reenacted and amended to read as follows:

(1) In addition to the disclosure under subsection (5) of this section, public agencies are authorized to release information to the public regarding sex offenders and kidnapping offenders when the agency determines that disclosure of the information is relevant and necessary to protect the public and counteract the danger created by the particular offender. This authorization applies to information regarding: (a) Any person adjudicated or convicted of a sex offense as defined in RCW 9A.44.130 or a kidnapping offense as defined by RCW 9A.44.130; (b) any person under the jurisdiction of the indeterminate sentence review board as the result of a sex offense or kidnapping offense; (c) any person committed as a sexually violent predator under chapter 71.09 RCW or as a sexual psychopath under chapter 71.06 RCW; (d) any person found not guilty of a sex offense or kidnapping offense by reason of insanity under chapter 10.77 RCW; and (e) any person found incompetent to stand trial for a sex offense or kidnapping offense and subsequently committed under chapter 71.05 or 71.34 RCW.

(2) Except for the information specifically required under subsection (5) of this section, the extent of the public disclosure of relevant and necessary information shall be rationally related to: (a) The level of risk posed by the offender to the community; (b) the locations where the offender resides, expects to reside, or is regularly found; and (c) the needs of the affected community members for information to enhance their individual and collective safety.

(3) Except for the information specifically required under subsection (5) of this section, local law enforcement agencies shall consider the following guidelines in determining the extent of a public disclosure made under this section: (a) For offenders classified as risk level I, the agency shall share information with other appropriate law enforcement agencies and, if the offender is a student, the public or private school regulated under Title 28A RCW or chapter 72.40 RCW which the offender is attending, or planning to attend. The agency may disclose, upon request, relevant, necessary, and accurate information to any victim or witness to the offense and to any individual community member who lives near the residence where the offender resides, expects to reside, or is regularly found; (b) for offenders classified as risk level II, the agency may also disclose relevant, necessary, and accurate information to public and private schools, child day care centers, family day care providers,

public libraries, businesses and organizations that serve primarily children, women, or vulnerable adults, and neighbors and community groups near the residence where the offender resides, expects to reside, or is regularly found; (c) for offenders classified as risk level III, the agency may also disclose relevant, necessary, and accurate information to the public at large; and (d) because more localized notification is not feasible and homeless and transient offenders may present unique risks to the community, the agency may also disclose relevant, necessary, and accurate information to the public at large for offenders registered as homeless or transient.

(4) The county sheriff with whom an offender classified as risk level III is registered shall cause to be published by legal notice, advertising, or news release a sex offender community notification that conforms to the guidelines established under RCW 4.24.5501 in at least one legal newspaper with general circulation in the area of the sex offender's registered address or location. The county sheriff shall also cause to be published consistent with this subsection a current list of level III registered sex offenders, twice yearly. Unless the information is posted on the web site described in subsection (5) of this section, this list shall be maintained by the county sheriff on a publicly accessible web site and shall be updated at least once per month.

(5)(a) When funded by federal grants or other sources, the Washington association of sheriffs and police chiefs shall create and maintain a statewide registered kidnapping and sex offender web site, which shall be available to the public. The web site shall post all level III and level II registered sex offenders, level I registered sex offenders during the time they are out of compliance with registration requirements under RCW 9A.44.130, and all registered kidnapping offenders in the state of Washington.

(i) For level III offenders, the web site shall contain, but is not limited to, the registered sex offender's name, relevant criminal convictions, address by hundred block, physical description, and photograph. The web site shall provide mapping capabilities that display the sex offender's address by hundred block on a map. The web site shall allow citizens to search for registered sex offenders within the state of Washington by county, city, zip code, last name, type of conviction, and address by hundred block.

(ii) For level II offenders, and level I sex offenders during the time they are out of compliance with registration requirements under RCW 9A.44.130, the web site shall contain, but is not limited to, the same information and functionality as described in (a)(i) of this subsection, provided that it is permissible under state and federal law. If it is not permissible, the web site shall be limited to the information and functionality that is permissible under state and federal law.

(iii) For kidnapping offenders, the web site shall contain, but is not limited to, the same information and functionality as described in (a)(i) of this subsection, provided that it is permissible under state and federal law. If it is not permissible, the web site shall be limited to the information and functionality that is permissible under state and federal law.

(b) Until the implementation of (a) of this subsection, the Washington association of sheriffs and police chiefs shall create a web site available to the public that provides electronic links to county-operated web sites that offer sex offender registration information.

(6) Local law enforcement agencies that disseminate information pursuant to this section shall: (a) Review available risk level classifications made by the department of corrections, the department of social and health services, and the indeterminate sentence review board; (b) assign risk level classifications to all offenders about whom information will be disseminated; and (c) make a good faith effort to notify the public and residents at least fourteen days before the offender is released from confinement or, where an offender moves from another jurisdiction, as soon as possible after the agency learns of the offender's move, except that in no case may this notification provision be construed to require an extension of an offender's release date. The juvenile court shall provide local law enforcement officials with all relevant information on offenders allowed to remain in the community in a timely manner.

(7) An appointed or elected public official, public employee, or public agency as defined in RCW 4.24.470, or units of local government and its employees, as provided in RCW 36.28A.010, are immune from civil liability for damages for any discretionary risk level classification decisions or release of relevant and necessary information, unless it is shown that the official, employee, or agency acted with gross negligence or in bad faith. The immunity in this section applies to risk level classification decisions and the release of relevant and necessary information regarding any individual for whom disclosure is authorized. The decision of a local law enforcement agency or official to classify an offender to a risk level other than the one assigned by the department of corrections, the department of social and health services, or the indeterminate sentence review board, or the release of any relevant and necessary information based on that different classification shall not, by itself, be considered gross negligence or bad faith. The immunity provided under this section applies to the release of relevant and necessary information to other public officials, public employees, or public agencies, and to the general public.

(8) Except as may otherwise be provided by law, nothing in this section shall impose any liability upon a public official, public employee, or public agency for failing to release information authorized under this section.

(9) Nothing in this section implies that information regarding persons designated in subsection (1) of this section is confidential except as may otherwise be provided by law.

(10) When a local law enforcement agency or official classifies an offender differently than the offender is classified by the end of sentence review committee or the department of social and health services at the time of the offender's release from confinement, the law enforcement agency or official shall notify the end of sentence review committee or the department of social and health services and submit its reasons supporting the change in classification. Upon implementation of subsection (5)(a) of this section, notification of the change shall also be sent to the Washington association of sheriffs and police chiefs.

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 99

[Engrossed Substitute Senate Bill 6573]

PUBLIC SAFETY—LEOFF PLAN 2

AN ACT Relating to providing additional revenues for public safety, including law enforcement officers and firefighters plan 2 pension plan benefits; amending RCW 41.26.720; adding new sections to chapter 41.26 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that local governments need additional revenues to provide public safety resources in order to protect the citizens of Washington from fire and crime. The legislature finds that the current benefit formula and contributions for the law enforcement officers' and firefighters' plan 2 are inadequate to modify that formula in recognition of the shorter working careers for firefighters and police officers. The legislature recognizes that although some officers and firefighters are able to work comfortably beyond twenty-five years, the combat nature of fire suppression and law enforcement generally require earlier retirement ages. In recognition of the physical demands of the professions and the inherent risks faced by law enforcement officers and firefighters, eligibility for retirement in the law enforcement officers' and firefighters' plan 2 system has been set at age fifty-three. However, the benefit formula is designed for careers of thirty-five to forty years, making retirement at age fifty-three an unrealistic option for many.

Therefore, the legislature declares that it is the purpose of this act to provide local government public safety employers and the law enforcement officers' and firefighters' plan 2 pension plan with additional shared revenues when general state revenues exceed by more than five percent the previous fiscal biennium's revenue.

NEW SECTION. Sec. 2. A new section is added to chapter 41.26 RCW to read as follows:

The local public safety enhancement account is created in the state treasury. Moneys in the account may be spent only after appropriation. All receipts from section 4 of this act must be deposited into the account. Expenditures from the account may be used as follows:

(1) Following appropriation, fifty percent of the money in the account shall be transferred to the law enforcement officers' and firefighters' retirement system benefits improvement account established in section 3 of this act.

(2) Following appropriation, the balance shall be distributed by the state treasurer to all jurisdictions with law enforcement officers' and firefighters' plan 2 members. Each year, the department of retirement systems will determine each jurisdiction's proportionate share of funds based on the number of plan 2 members each jurisdiction has on June 1st of the prior year divided by the total number of plan 2 members in the system. The department of retirement systems shall provide the distribution allocation to the state treasurer. Distributions by the state treasurer shall be made annually each January 1st with one-half of the appropriation being distributed in the first year of the appropriation and any remainder the following year. If an appropriation is made for a single fiscal year, the entire appropriation shall be distributed the following January 1st. Jurisdictions that contract with other eligible jurisdictions for law enforcement services or fire protection services must agree on the distribution of funds

between the contracting parties and must inform the department of retirement systems as to how the distribution is to be made. Distributions will continue to be made under the terms of the agreement until the department of retirement systems is notified by the eligible jurisdiction of any agreement revisions. If there is no agreement within six months of the distribution date, the moneys lapse to the state treasury. Moneys distributed from the balance of the public safety enhancement account may be used for the following purposes: (a) Criminal justice, including those where an ancillary benefit to the civil justice occurs, and includes domestic violence programs; (b) information and assistance to parents and families dealing with at-risk or runaway youth; or (c) public safety. Money distributed from the account shall not supplant existing funds used for these purposes. For purposes of this subsection, "existing funds" means the actual operating expenditures for the calendar year prior to the first distribution from the account. Actual operating expenditures excludes lost federal funds, lost or expired state grants or loans, extraordinary events not likely to reoccur, change in contract provisions beyond the control of the jurisdiction receiving the services, and major capital expenditures.

NEW SECTION. Sec. 3. A new section is added to chapter 41.26 RCW to read as follows:

(1) The local law enforcement officers' and firefighters' retirement system benefits improvement account (benefits account) is created within the law enforcement officers' and firefighters' retirement system plan 2 fund. All receipts from section 2(1) of this act must be deposited into the account.

(2) The funds in the benefits account shall not be included by the actuary retained by the board in the calculation of the market value of assets of the law enforcement officers' and firefighters' retirement system plan 2 fund until the board directs the actuary retained by the board in writing to do so for purposes of financing benefits enacted by the legislature. The board shall, in consultation with the state investment board and within ninety days of the transfer of funds into the benefits account, provide the actuary retained by the board, in writing, the market value of the amount directed from the benefits account for inclusion in the calculation of the market value of assets of the law enforcement officers' and firefighters' retirement system plan 2 fund. The market value of the amount directed from the benefits account shall be an amount determined by the state actuary to sufficiently offset the unfunded actuarial accrued liabilities of benefit improvements financed from this account. The market value of the amount directed from the benefits account shall be determined as of the date of the direction from the board to include this amount for purposes of financing benefits enacted by the legislature.

(3) The law enforcement officers' and firefighters' plan 2 retirement board shall administer the fund in an actuarially sound manner.

(4) The state investment board has the full power to invest, reinvest, manage, contract, sell, or exchange investment money in the benefits account. The state investment board is authorized to adopt investment policies for the money in the benefits account. All investment and operating costs associated with the investment of money within the benefits account shall be paid pursuant to RCW 43.33A.160 and 43.84.160. With the exception of these expenses, the earnings from the investment of the money shall be retained by the benefits account.

(5) All investments made by the state investment board shall be made with the exercise of that degree of judgment and care pursuant to RCW 43.33A.140 and the investment policy established by the state investment board.

(6) When appropriate for investment purposes, the state investment board may commingle money in the fund with other funds.

(7) The authority to establish all policies relating to the benefits account, other than the investment policies set forth in this section, resides with the law enforcement officers' and firefighters' plan 2 retirement board. Other than investments by and expenses of the state investment board, disbursements from this fund may be made only on the authorization of the law enforcement officers' and firefighters' plan 2 retirement board for purposes of funding the member, employer, and state cost of financing benefits enacted by the legislature.

(8) The state investment board shall routinely consult with and communicate with the law enforcement officers' and firefighters' plan 2 retirement board on the investment policy, earnings of the trust, and related needs of the benefits account.

(9) Funds in the benefits account cannot be used to finance future benefit improvements if the state actuary determines that the actuarial present value of fully projected benefits for current and future members for all benefits being financed from this account exceeds the actuarial present value of the revenue provided under section 4 of this act and the accrued earnings of the benefits account. When making the determination under this subsection, the state actuary shall select assumptions and methods to reduce the risk that the actual revenue received is less than the assumed revenue.

NEW SECTION. Sec. 4. A new section is added to chapter 41.26 RCW to read as follows:

(1) By September 30, 2011, if the prior fiscal biennium's general state revenues exceed the previous fiscal biennium's revenues by more than five percent, subject to appropriation by the legislature, the state treasurer shall transfer five million dollars to the local public safety enhancement account.

(2) By September 30, 2013, if the prior fiscal biennium's general state revenues exceed the previous fiscal biennium's revenues by more than five percent, subject to appropriation by the legislature, the state treasurer shall transfer ten million dollars to the local public safety enhancement account.

(3) By September 30, 2015, if the prior fiscal biennium's general state revenues exceed the previous fiscal biennium's revenues by more than five percent, subject to appropriation by the legislature, the state treasurer shall transfer twenty million dollars to the local public safety enhancement account.

(4) By September 30, 2017, and by September 30 of each odd-numbered year thereafter, if the prior fiscal biennium's general state revenues exceed the previous fiscal biennium's revenues by more than five percent, subject to appropriation by the legislature, the state treasurer shall transfer the lesser of one-third of the increase, or fifty million dollars, to the local public safety enhancement account.

Sec. 5. RCW 41.26.720 and 2003 c 2 s 5 are each amended to read as follows:

(1) The board of trustees have the following powers and duties and shall:

(a) Adopt actuarial tables, assumptions, and cost methodologies in consultation with an enrolled actuary retained by the board. The state actuary shall provide assistance when the board requests. The actuary retained by the board shall utilize the aggregate actuarial cost method, or other recognized actuarial cost method based on a level percentage of payroll, as that term is employed by the American academy of actuaries. The actuary retained by the board shall adjust the actuarial cost method to recognize the actuarial present value of future revenue that will be included in the calculation of the market value of assets pursuant to section 3(2) of this act, using the methods and assumptions employed by the state actuary in section 3(9) of this act. In determining the reasonableness of actuarial valuations, assumptions, and cost methodologies, the actuary retained by the board shall provide a copy of all such calculations to the state actuary. If the two actuaries concur on the calculations, contributions shall be made as set forth in the report of the board's actuary. If the two actuaries cannot agree, they shall appoint a third, independent, enrolled actuary who shall review the calculations of the actuary retained by the board and the state actuary. Thereafter, contributions shall be based on the methodology most closely following that of the third actuary;

(b)(i) Provide for the design and implementation of increased benefits for members and beneficiaries of the plan, subject to the contribution limitations under RCW 41.26.725. An increased benefit may not be approved by the board until an actuarial cost of the benefit has been determined by the actuary and contribution rates adjusted as may be required to maintain the plan on a sound actuarial basis. Increased benefits as approved by the board shall be presented to the legislature on January 1st of each year. The increased benefits as approved by the board shall become effective within ninety days unless a bill is enacted in the next ensuing session of the legislature, by majority vote of each house of the legislature, repealing the action of the board;

(ii) As an alternative to the procedure in (b)(i) of this subsection, recommend to the legislature changes in the benefits for members and beneficiaries, without regard to the cost limitations in RCW 41.26.725(3). Benefits adopted in this manner shall have the same contractual protections as the minimum benefits in the plan. The recommendations of the board shall be presented to the legislature on January 1st of each year. These measures shall take precedence over all other measures in the legislature, except appropriations bills, and shall be either enacted or rejected without change or amendment by the legislature before the end of such regular session;

(c) Retain professional and technical advisors necessary for the accomplishment of its duties. The cost of these services may be withdrawn from the trust;

(d) Consult with the department for the purpose of improving benefit administration and member services;

(e) Provide an annual report to the governor and the legislature setting forth the actuarial funding status of the plan and making recommendations for improvements in those aspects of retirement administration directed by the legislature or administered by the department;

(f) Establish uniform administrative rules and operating policies in the manner prescribed by law;

(g) Engage administrative staff and acquire office space independent of, or in conjunction with, the department. The department shall provide funding from its budget for these purposes;

(h) ~~((The board shall publish [Publish]))~~ Publish on an annual basis a schedule of increased benefits together with a summary of the minimum benefits as established by the legislature which shall constitute the official plan document; and

(i) Be the fiduciary of the plan and discharge the board's duties solely in the interest of the members and beneficiaries of the plan.

(2) Meetings of the board of trustees shall be conducted as follows:

(a) All board meetings are open to the public, preceded by timely public notice;

(b) All actions of the board shall be taken in open public session, except for those matters which may be considered in executive session as provided by law;

(c) The board shall retain minutes of each meeting setting forth the names of those board members present and absent, and their voting record on any voted issue; and

(d) The board may establish, with the assistance of the appropriate office of state government, an internet web site providing for interactive communication with state government, members and beneficiaries of the plan, and the public.

(3) A quorum of the board is six board members. All board actions require six concurring votes.

(4) The decisions of the board shall be made in good faith and are final, binding, and conclusive on all parties. The decisions of the board shall be subject to judicial review as provided by law.

(5) A law enforcement officers' and firefighters' retirement system plan 2 expense fund is established for the purpose of defraying the expenses of the board. The board shall cause an annual budget to be prepared consistent with the requirements of chapter 43.88 RCW and shall draw the funding for the budget from the investment income of the trust. Board members shall be reimbursed for travel and education expenses as provided in RCW 43.03.050 and 43.03.060. The board shall make an annual report to the governor, legislature, and state auditor setting forth a summary of the costs and expenditures of the plan for the preceding year. The board shall also retain the services of an independent, certified public accountant who shall annually audit the expenses of the fund and whose report shall be included in the board's annual report.

Passed by the Senate March 11, 2008.

Passed by the House March 7, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 100

[House Bill 2594]

INSURANCE COMMISSIONER—EXAMINATION REPORTS

AN ACT Relating to distributing the insurance commissioner's examination reports; and amending RCW 48.03.040 and 48.37.060.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 48.03.040 and 1993 c 462 s 45 are each amended to read as follows:

(1) No later than sixty days after completion of each examination, the commissioner shall make a full written report of each examination made by him or her containing only facts ascertained from the accounts, records, and documents examined and from the sworn testimony of individuals, and such conclusions and recommendations as may reasonably be warranted from such facts.

(2) The report shall be certified by the commissioner or by his or her examiner in charge of the examination, and shall be filed in the commissioner's office subject to subsection (3) of this section.

(3) The commissioner shall furnish a copy of the examination report to the person examined not less than ten days and, unless the time is extended by the commissioner, not more than thirty days prior to the filing of the report for public inspection in the commissioner's office. If such person so requests in writing within such period, the commissioner shall hold a hearing to consider objections of such person to the report as proposed, and shall not so file the report until after such hearing and until after any modifications in the report deemed necessary by the commissioner have been made.

(4) Within thirty days of the end of the period described in subsection (3) of this section, unless extended by order of the commissioner, the commissioner shall consider the report, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers and enter an order:

(a) Adopting the examination report as filed or with modification or corrections. If the examination report reveals that the company is operating in violation of any law, rule, or order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure that violation;

(b) Rejecting the examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation, or information, and refile under this section; or

(c) Calling for an investigatory hearing with no less than twenty days' notice to the company for purposes of obtaining additional documentation, data, information, and testimony.

(5) All orders entered under subsection (4) of this section must be accompanied by findings and conclusions resulting from the commissioner's consideration and review of the examination report, relevant examiner workpapers, and any written submissions or rebuttals. Such an order is considered a final administrative decision and may be appealed under the Administrative Procedure Act, chapter 34.05 RCW, and must be served upon the company by certified mail or certifiable electronic means, together with a copy of the adopted examination report. A copy of the adopted examination report must be sent by certified mail or certifiable electronic means to each director at the director's residence address or to a personal e-mail account.

(6)(a) Upon the adoption of the examination report under subsection (4) of this section, the commissioner shall continue to hold the content of the examination report as private and confidential information for a period of five days except that the order may be disclosed to the person examined. Thereafter,

the commissioner may open the report for public inspection so long as no court of competent jurisdiction has stayed its publication.

(b) Nothing in this title prohibits the commissioner from disclosing the content of an examination report, preliminary examination report or results, or any matter relating thereto, to the insurance department of any other state or country, or to law enforcement officials of this or any other state or agency of the federal government at any time, so long as the agency or office receiving the report or matters relating thereto agrees in writing to hold it confidential and in a manner consistent with this chapter.

(c) If the commissioner determines that regulatory action is appropriate as a result of any examination, he or she may initiate any proceedings or actions as provided by law.

(d) Nothing contained in this section requires the commissioner to disclose any information or records that would indicate or show the existence or content of any investigation or activity of a criminal justice agency.

Sec. 2. RCW 48.37.060 and 2007 c 82 s 8 are each amended to read as follows:

(1) When the commissioner determines that other market conduct actions identified in RCW 48.37.040(4)(a) have not sufficiently addressed issues raised concerning company activities in Washington state, the commissioner has the discretion to conduct market conduct examinations in accordance with the NAIC market conduct uniform examination procedures and the NAIC market regulation handbook.

(2)(a) In lieu of an examination of an insurer licensed in this state, the commissioner shall accept an examination report of another state, unless the commissioner determines that the other state does not have laws substantially similar to those of this state, or does not have a market oversight system that is comparable to the market conduct oversight system set forth in this law.

(b) The commissioner's determination under (a) of this subsection is discretionary with the commissioner and is not subject to appeal.

(c) If the insurer to be examined is part of an insurance holding company system, the commissioner may also seek to simultaneously examine any affiliates of the insurer under common control and management which are licensed to write the same lines of business in this state.

(3) Before commencement of a market conduct examination, market conduct oversight personnel shall prepare a work plan consisting of the following:

- (a) The name and address of the insurer being examined;
- (b) The name and contact information of the examiner-in-charge;
- (c) The name of all market conduct oversight personnel initially assigned to the market conduct examination;
- (d) The justification for the examination;
- (e) The scope of the examination;
- (f) The date the examination is scheduled to begin;
- (g) Notice of any noninsurance department personnel who will assist in the examination;
- (h) A time estimate for the examination;
- (i) A budget for the examination if the cost of the examination is billed to the insurer; and

(j) An identification of factors that will be included in the billing if the cost of the examination is billed to the insurer.

(4)(a) Within ten days of the receipt of the information contained in subsection (3) of this section, insurers may request the commissioner's discretionary review of any alleged conflict of interest, pursuant to RCW 48.37.090(2), of market conduct oversight personnel and noninsurance department personnel assigned to a market conduct examination. The request for review shall specifically describe the alleged conflict of interest in the proposed assignment of any person to the examination.

(b) Within five business days of receiving a request for discretionary review of any alleged conflict of interest in the proposed assignment of any person to a market conduct examination, the commissioner or designee shall notify the insurer of any action regarding the assignment of personnel to a market conduct examination based on the insurer's allegation of conflict of interest.

(5) Market conduct examinations shall, to the extent feasible, use desk examinations and data requests before an on-site examination.

(6) Market conduct examinations shall be conducted in accordance with the provisions set forth in the NAIC market regulation handbook and the NAIC market conduct uniform examinations procedures, subject to the precedence of the provisions of chapter 82, Laws of 2007.

(7) The commissioner shall use the NAIC standard data request.

(8) Announcement of the examination shall be sent to the insurer and posted on the NAIC's examination tracking system as soon as possible but in no case later than sixty days before the estimated commencement of the examination, except where the (~~exam [examination]~~) examination is conducted in response to extraordinary circumstances as described in RCW 48.37.050(2)(a). The announcement sent to the insurer shall contain the examination work plan and a request for the insurer to name its examination coordinator.

(9) If an examination is expanded significantly beyond the original reasons provided to the insurer in the notice of the examination required by subsection (3) of this section, the commissioner shall provide written notice to the insurer, explaining the expansion and reasons for the expansion. The commissioner shall provide a revised work plan if the expansion results in significant changes to the items presented in the original work plan required by subsection (3) of this section.

(10) The commissioner shall conduct a preexamination conference with the insurer examination coordinator and key personnel to clarify expectations at least thirty days before commencement of the examination, unless otherwise agreed by the insurer and the commissioner.

(11) Before the conclusion of the field work for market conduct examination, the examiner-in-charge shall review examination findings to date with insurer personnel and schedule an exit conference with the insurer, in accordance with procedures in the NAIC market regulation handbook.

(12)(a) No later than sixty days after completion of each market conduct examination, the commissioner shall make a full written report of each market conduct examination containing only facts ascertained from the accounts, records, and documents examined and from the sworn testimony of individuals, and such conclusions and recommendations as may reasonably be warranted from such facts.

(b) The report shall be certified by the commissioner or by the examiner-in-charge of the examination, and shall be filed in the commissioner's office subject to (c) of this subsection.

(c) The commissioner shall furnish a copy of the market conduct examination report to the person examined not less than ten days and, unless the time is extended by the commissioner, not more than thirty days prior to the filing of the report for public inspection in the commissioner's office. If the person so requests in writing within such period, the commissioner shall hold a hearing to consider objections of such person to the report as proposed, and shall not so file the report until after such hearing and until after any modifications in the report deemed necessary by the commissioner have been made.

(d) Within thirty days of the end of the period described in (c) of this subsection, unless extended by order of the commissioner, the commissioner shall consider the report, together with any written submissions or rebuttals and any relevant portions of the examiner's work papers and enter an order:

(i) Adopting the market conduct examination report as filed or with modification or corrections. If the market conduct examination report reveals that the company is operating in violation of any law, rule, or order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure that violation;

(ii) Rejecting the market conduct examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation, or information, and refile under this subsection; or

(iii) Calling for an investigatory hearing with no less than twenty days' notice to the company for purposes of obtaining additional documentation, data, information, and testimony.

(e) All orders entered under (d) of this subsection must be accompanied by findings and conclusions resulting from the commissioner's consideration and review of the market conduct examination report, relevant examiner work papers, and any written submissions or rebuttals. The order is considered a final administrative decision and may be appealed under the administrative procedure act, chapter 34.05 RCW, and must be served upon the company by certified mail or certifiable electronic means, together with a copy of the adopted examination report. A copy of the adopted examination report must be sent by certified mail or certifiable electronic means to each director at the director's residential address or to a personal e-mail account.

(f)(i) Upon the adoption of the market conduct examination report under (d) of this subsection, the commissioner shall continue to hold the content of the examination report as private and confidential information for a period of five days except that the order may be disclosed to the person examined. Thereafter, the commissioner may open the report for public inspection so long as no court of competent jurisdiction has stayed its publication.

(ii) If the commissioner determines that regulatory action is appropriate as a result of any market conduct examination, he or she may initiate any proceedings or actions as provided by law.

(iii) Nothing contained in this subsection requires the commissioner to disclose any information or records that would indicate or show the existence or content of any investigation or activity of a criminal justice agency.

(g) The insurer's response shall be included in the commissioner's order adopting the final report as an exhibit to the order. The insurer is not obligated to submit a response.

(13) The commissioner may withhold from public inspection any examination or investigation report for so long as he or she deems it advisable.

(14)(a) Market conduct examinations within this state of any insurer domiciled or having its home offices in this state, other than a title insurer, made by the commissioner or the commissioner's examiners and employees shall, except as to fees, mileage, and expense incurred as to witnesses, be at the expense of the state.

(b) Every other examination, whatsoever, or any part of the market conduct examination of any person domiciled or having its home offices in this state requiring travel and services outside this state, shall be made by the commissioner or by examiners designated by the commissioner and shall be at the expense of the person examined; but a domestic insurer shall not be liable for the compensation of examiners employed by the commissioner for such services outside this state.

(c) When making a market conduct examination under this chapter, the commissioner may contract, in accordance with applicable state contracting procedures, for qualified attorneys, appraisers, independent certified public accountants, contract actuaries, and other similar individuals who are independently practicing their professions, even though those persons may from time to time be similarly employed or retained by persons subject to examination under this chapter, as examiners as the commissioner deems necessary for the efficient conduct of a particular examination. The compensation and per diem allowances paid to such contract persons shall be reasonable in the market and time incurred, shall not exceed one hundred twenty-five percent of the compensation and per diem allowances for examiners set forth in the guidelines adopted by the national association of insurance commissioners, unless the commissioner demonstrates that one hundred twenty-five percent is inadequate under the circumstances of the examination, and subject to the provisions of (a) of this subsection.

(d)(i) The person examined and liable shall reimburse the state upon presentation of an itemized statement thereof, for the actual travel expenses of the commissioner's examiners, their reasonable living expenses allowance, and their per diem compensation, including salary and the employer's cost of employee benefits, at a reasonable rate approved by the commissioner, incurred on account of the examination. Per diem, salary, and expenses for employees examining insurers domiciled outside the state of Washington shall be established by the commissioner on the basis of the national association of insurance commissioner's recommended salary and expense schedule for zone examiners, or the salary schedule established by the director of the Washington department of personnel and the expense schedule established by the office of financial management, whichever is higher. A domestic title insurer shall pay the examination expense and costs to the commissioner as itemized and billed by the commissioner.

(ii) The commissioner or the commissioner's examiners shall not receive or accept any additional emolument on account of any examination.

(iii) Market conduct examination fees subject to being reimbursed by an insurer shall be itemized and bills shall be provided to the insurer on a monthly basis for review prior to submission for payment, or as otherwise provided by state law.

(e) Nothing contained in this chapter limits the commissioner's authority to terminate or suspend any examination in order to pursue other legal or regulatory action under the insurance laws of this state. Findings of fact and conclusions made pursuant to any examination are prima facie evidence in any legal or regulatory action.

(f) The commissioner shall maintain active management and oversight of market conduct examination costs, including costs associated with the commissioner's own examiners, and with retaining qualified contract examiners necessary to perform an examination. Any agreement with a contract examiner shall:

- (i) Clearly identify the types of functions to be subject to outsourcing;
- (ii) Provide specific timelines for completion of the outsourced review;
- (iii) Require disclosure to the insurer of contract examiners' recommendations;
- (iv) Establish and use a dispute resolution or arbitration mechanism to resolve conflicts with insurers regarding examination fees; and
- (v) Require disclosure of the terms of the contracts with the outside consultants that will be used, specifically the fees and/or hourly rates that can be charged.

(g) The commissioner, or the commissioner's designee, shall review and affirmatively endorse detailed billings from the qualified contract examiner before the detailed billings are sent to the insurer.

Passed by the House January 28, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 101

[House Bill 3024]

TRS PLANS 2 AND 3—SERVICE CREDIT

AN ACT Relating to purchasing service credit in plan 2 and plan 3 of the teachers' retirement system for public education experience performed as a teacher in a public school in another state or with the federal government; and amending RCW 41.32.813 and 41.32.868.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 41.32.813 and 2006 c 257 s 1 are each amended to read as follows:

(1) An active member who has completed a minimum of ~~((five))~~ two years of creditable service in the teachers' retirement system may, upon written application to the department, make a one-time purchase of up to seven years of service credit for public education experience outside the Washington state retirement system, subject to the following limitations:

(a) The public education experience being claimed must have been performed as a teacher in a public school in another state or with the federal government; ~~((and))~~

(b) The public education experience being claimed must have been covered by a retirement or pension plan provided by a state or political subdivision of a state, or by the federal government; and

(c) The member is not currently receiving a benefit or currently eligible to receive an unreduced retirement benefit from a retirement or pension plan of a state or political subdivision of a state or the federal government that includes the service credit to be purchased.

(2) The service credit purchased shall be membership service, and may be used to qualify the member for retirement.

(3) The member shall pay the actuarial value of the resulting increase in the member's benefit calculated in a manner consistent with the department's method for calculating payments for reestablishing service credit under RCW 41.50.165.

(4) The member may pay all or part of the cost of the service credit to be purchased with a lump sum payment, eligible rollover, direct rollover, or trustee-to-trustee transfer from an eligible retirement plan. The department shall adopt rules to ensure that all lump sum payments, rollovers, and transfers comply with the requirements of the internal revenue code and regulations adopted by the internal revenue service. The rules adopted by the department may condition the acceptance of a rollover or transfer from another plan on the receipt of information necessary to enable the department to determine the eligibility of any transferred funds for tax-free rollover treatment or other treatment under federal income tax law.

(5) The employer also may pay all or a portion of the member's cost of the service credit purchased under this section.

Sec. 2. RCW 41.32.868 and 2006 c 257 s 2 are each amended to read as follows:

(1) An active member who has completed a minimum of ~~((five))~~ two years of creditable service in the teachers' retirement system may, upon written application to the department, make a one-time purchase of up to seven years of service credit for public education experience outside the Washington state retirement system, subject to the following limitations:

(a) The public education experience being claimed must have been performed as a teacher in a public school in another state or with the federal government;

(b) The public education experience being claimed must have been covered by a retirement or pension plan provided by a state or political subdivision of a state, or by the federal government; and

(c) The member is not currently receiving a benefit or currently eligible to receive an unreduced retirement benefit from a retirement or pension plan of a state or political subdivision of a state or the federal government that includes the service credit to be purchased.

(2) The service credit purchased shall be membership service, and may be used to qualify the member for retirement.

(3) The member shall pay the actuarial value of the resulting increase in the member's benefit calculated in a manner consistent with the department's method for calculating payments for reestablishing service credit under RCW 41.50.165.

(4) The member may pay all or part of the cost of the service credit to be purchased with a lump sum payment, eligible rollover, direct rollover, or trustee-to-trustee transfer from an eligible retirement plan. The department shall adopt rules to ensure that all lump sum payments, rollovers, and transfers comply with the requirements of the internal revenue code and regulations adopted by the internal revenue service. The rules adopted by the department may condition the acceptance of a rollover or transfer from another plan on the receipt of information necessary to enable the department to determine the eligibility of any transferred funds for tax-free rollover treatment or other treatment under federal income tax law.

(5) The employer also may pay all or a portion of the member's cost of the service credit purchased under this section.

Passed by the House February 7, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 102

[Engrossed Substitute House Bill 3122]

INDEPENDENT CONTRACTOR STATUS

AN ACT Relating to consolidating, aligning, and clarifying exception tests for determination of independent contractor status under unemployment compensation and workers' compensation laws; amending RCW 50.04.145, 51.08.070, 51.08.180, and 51.08.195; adding a new section to chapter 51.08 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 50.04.145 and 1983 1st ex.s. c 23 s 25 are each amended to read as follows:

The term "employment" shall not include services which require registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW rendered by ((any person, firm, or corporation currently engaging in a business which is registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW)) an individual when:

(1) ~~((Contracting to perform work for any contractor registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW))~~ The individual has been and will continue to be free from control or direction over the performance of the service, both under the contract of service and in fact;

(2) ~~((The person, firm, or corporation has a principal place of business which would be eligible for a business deduction for internal revenue service tax purposes other than that furnished by the contractor for which the business has contracted to furnish services))~~ The service is either outside the usual course of business for which the service is performed, or the service is performed outside of all the places of business of the enterprise for which the service is performed, or the individual is responsible, both under the contract and in fact, for the costs of the principal place of business from which the service is performed;

(3) ~~((The person, firm, or corporation maintains))~~ The individual is customarily engaged in an independently established trade, occupation, profession, or business, of the same nature as that involved in the contract of service, or the individual has a principal place of business for the business the

individual is conducting that is eligible for a business deduction for federal income tax purposes, other than that furnished by the employer for which the business has contracted to furnish services;

(4) On the effective date of the contract of service, the individual is responsible for filing at the next applicable filing period, both under the contract of service and in fact, a schedule of expenses with the internal revenue service for the type of business the individual is conducting;

(5) On the effective date of the contract of service, or within a reasonable period after the effective date of the contract, the individual has an active and valid certificate of registration with the department of revenue, and an active and valid account with any other state agencies as required by the particular case, for the business the individual is conducting for the payment of all state taxes normally paid by employers and businesses and has registered for and received a unified business identifier number from the state of Washington;

(6) On the effective date of the contract of service, the individual is maintaining a separate set of books or records that reflect all items of income and expenses of the business that the individual is conducting; and

~~((4) The work which the person, firm, or corporation has contracted to perform is:~~

~~(a) The work of a contractor as defined in RCW 18.27.010; or~~

~~(b) The work of installing wires or equipment to convey electric current or installing apparatus to be operated by such current as it pertains to the electrical industry as described in chapter 19.28 RCW; and~~

~~(5) A contractor registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW does not supervise or control the means by which the result is accomplished or the manner in which the work is performed))~~

(7) On the effective date of the contract of service, the individual has a valid contractor registration pursuant to chapter 18.27 RCW or an electrical contractor license pursuant to chapter 19.28 RCW.

Sec. 2. RCW 51.08.070 and 1991 c 246 s 2 are each amended to read as follows:

"Employer" means any person, body of persons, corporate or otherwise, and the legal representatives of a deceased employer, all while engaged in this state in any work covered by the provisions of this title, by way of trade or business, or who contracts with one or more workers, the essence of which is the personal labor of such worker or workers. Or as ~~((a separate alternative,))~~ an exception to the definition of employer, persons or entities are not employers when they contract or agree to remunerate the services performed by an individual who meets the tests set forth in subsections (1) through (6) of RCW 51.08.195 or the separate tests set forth in section 5 of this act for work performed that requires registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW.

~~((For the purposes of this title, a contractor registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW is not an employer when:~~

~~(1) Contracting with any other person, firm, or corporation currently engaging in a business which is registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW;~~

~~(2) The person, firm, or corporation has a principal place of business which would be eligible for a business deduction for internal revenue service tax~~

purposes other than that furnished by the contractor for which the business has contracted to furnish services;

(3) The person, firm, or corporation maintains a separate set of books or records that reflect all items of income and expenses of the business; and

(4) The work which the person, firm, or corporation has contracted to perform is:

(a) The work of a contractor as defined in RCW 18.27.010; or

(b) The work of installing wires or equipment to convey electric current or installing apparatus to be operated by such current as it pertains to the electrical industry as described in chapter 19.28 RCW.)

Sec. 3. RCW 51.08.180 and 1991 c 246 s 3 are each amended to read as follows:

((H)) "Worker" means every person in this state who is engaged in the employment of an employer under this title, whether by way of manual labor or otherwise in the course of his or her employment; also every person in this state who is engaged in the employment of or who is working under an independent contract, the essence of which is his or her personal labor for an employer under this title, whether by way of manual labor or otherwise, in the course of his or her employment, or as ~~((a separate alternative;))~~ an exception to the definition of worker, a person is not a worker if he or she meets the tests set forth in subsections (1) through (6) of RCW 51.08.195 or the separate tests set forth in section 5 of this act for work performed that requires registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW: PROVIDED, That a person is not a worker for the purpose of this title, with respect to his or her activities attendant to operating a truck which he or she owns, and which is leased to a common or contract carrier.

((2) For the purposes of this title, any person, firm, or corporation currently engaging in a business which is registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW is not a worker when:

(a) Contracting to perform work for any contractor registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW;

(b) The person, firm, or corporation has a principal place of business which would be eligible for a business deduction for internal revenue service tax purposes other than that furnished by the contractor for which the business has contracted to furnish services;

(c) The person, firm, or corporation maintains a separate set of books or records that reflect all items of income and expenses of the business; and

(d) The work which the person, firm, or corporation has contracted to perform is:

(i) The work of a contractor as defined in RCW 18.27.010; or

(ii) The work of installing wires or equipment to convey electric current or installing apparatus to be operated by such current as it pertains to the electrical industry as described in chapter 19.28 RCW.

(3) Any person, firm, or corporation registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW including those performing work for any contractor registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW is a worker when the contractor supervises or controls the means by which the result is accomplished or the manner in which the work is performed.

~~(4) For the purposes of this title, any person participating as a driver or back-up driver in commuter ride sharing, as defined in RCW 46.74.010(1), is not a worker while driving a ride-sharing vehicle on behalf of the owner or lessee of the vehicle.)~~

Sec. 4. RCW 51.08.195 and 1991 c 246 s 1 are each amended to read as follows:

As ~~((a separate alternative))~~ an exception to the definition of "employer" under RCW 51.08.070 and the definition of "worker" under RCW 51.08.180, services performed by an individual for remuneration shall not constitute employment subject to this title if it is shown that:

(1) The individual has been and will continue to be free from control or direction over the performance of the service, both under the contract of service and in fact; and

(2) The service is either outside the usual course of business for which the service is performed, or the service is performed outside all of the places of business of the enterprise for which the service is performed, or the individual is responsible, both under the contract and in fact, for the costs of the principal place of business from which the service is performed; and

(3) The individual is customarily engaged in an independently established trade, occupation, profession, or business, of the same nature as that involved in the contract of service, or the individual has a principal place of business for the business the individual is conducting that is eligible for a business deduction for federal income tax purposes; and

(4) On the effective date of the contract of service, the individual is responsible for filing at the next applicable filing period, both under the contract of service and in fact, a schedule of expenses with the internal revenue service for the type of business the individual is conducting; and

(5) On the effective date of the contract of service, or within a reasonable period after the effective date of the contract, the individual has established an account with the department of revenue, and other state agencies as required by the particular case, for the business the individual is conducting for the payment of all state taxes normally paid by employers and businesses and has registered for and received a unified business identifier number from the state of Washington; and

(6) On the effective date of the contract of service, the individual is maintaining a separate set of books or records that reflect all items of income and expenses of the business which the individual is conducting.

NEW SECTION. **Sec. 5.** A new section is added to chapter 51.08 RCW to read as follows:

For the purposes of this title, any individual performing services that require registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW for remuneration under an independent contract is not a worker when:

(1) The individual has been, and will continue to be, free from control or direction over the performance of the service, both under the contract of service and in fact;

(2) The service is either outside the usual course of business for which the service is performed, or the service is performed outside all of the places of business of the enterprise for which the service is performed, or the individual is

responsible, both under the contract and in fact, for the costs of the principal place of business from which the service is performed;

(3) The individual is customarily engaged in an independently established trade, occupation, profession, or business, of the same nature as that involved in the contract of service, or the individual has a principal place of business for the business the individual is conducting that is eligible for a business deduction for federal income tax purposes other than that furnished by the employer for which the business has contracted to furnish services;

(4) On the effective date of the contract of service, the individual is responsible for filing at the next applicable filing period, both under the contract of service and in fact, a schedule of expenses with the internal revenue service for the type of business the individual is conducting;

(5) On the effective date of the contract of service, or within a reasonable period after the effective date of the contract, the individual has an active and valid certificate of registration with the department of revenue, and an active and valid account with any other state agencies as required by the particular case, for the business the individual is conducting for the payment of all state taxes normally paid by employers and businesses and has registered for and received a unified business identifier number from the state of Washington;

(6) On the effective date of the contract of service, the individual is maintaining a separate set of books or records that reflect all items of income and expenses of the business which the individual is conducting; and

(7) On the effective date of the contract of service, the individual has a valid contractor registration pursuant to chapter 18.27 RCW or an electrical contractor license pursuant to chapter 19.28 RCW.

NEW SECTION. Sec. 6. If any part of this act is found to be in conflict with federal requirements which are a prescribed condition to the allocation of federal funds to the state or the eligibility of employers in this state for federal unemployment tax credits, the conflicting part of this act is hereby declared to be inoperative solely to the extent of the conflict, and such finding or determination may not affect the operation of the remainder of this act. The rules under this act shall meet federal requirements which are a necessary condition to the receipt of federal funds by the state or the granting of federal unemployment tax credits to employers in this state.

NEW SECTION. Sec. 7. 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.

Passed by the House February 14, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 103

[Substitute Senate Bill 5254]

INDUSTRY SKILL PANELS

AN ACT Relating to industry skill panels; amending RCW 28C.18.010; adding new sections to chapter 28C.18 RCW; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. (1) The legislature finds that a skilled work force is essential for employers and job seekers to compete in today's global economy. The engines of economic progress are fueled by education and training. The legislature further finds that industry skill panels are a critical and proven form of public-private partnership that harness the expertise of leaders in business, labor, and education to identify work force development strategies for industries that drive Washington's regional economies. Industry skill panels foster innovation and enable industry leaders and public partners to be proactive, addressing changing needs for businesses quickly and strategically. Industry skill panels leverage small state investments with private sector investments to ensure that public resources are better aligned with industry needs.

(2) The legislature further finds that industry skill panels support other valuable initiatives such as the department of community, trade, and economic development's cluster-based economic development grants; the community and technical college centers of excellence, high-demand funds, and the job skills program; and the employment security department's incumbent worker training funds. Industry skill panels provide a framework for coordinating these and other investments in line with economic and work force development strategies identified by industry leaders. It is the intent of the legislature to support the development and maintenance of industry skill panels in key sectors of the economy as an efficient and effective way to support regional economic development.

Sec. 2. RCW 28C.18.010 and 1996 c 99 s 2 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this title.

(1) "Board" means the work force training and education coordinating board.

(2) "Director" means the director of the work force training and education coordinating board.

(3) "Training system" means programs and courses of secondary vocational education, technical college programs and courses, community college vocational programs and courses, private career school and college programs and courses, employer-sponsored training, adult basic education programs and courses, programs and courses funded by the (~~job training partnership~~) federal workforce investment act, programs and courses funded by the federal vocational act, programs and courses funded under the federal adult education act, publicly funded programs and courses for adult literacy education, and apprenticeships, and programs and courses offered by private and public nonprofit organizations that are representative of communities or significant segments of communities and provide job training or adult literacy services.

(4) "Work force skills" means skills developed through applied learning that strengthen and reinforce an individual's academic knowledge, critical thinking, problem solving, and work ethic and, thereby, develop the employability, occupational skills, and management of home and work responsibilities necessary for economic independence.

(5) "Vocational education" means organized educational programs offering a sequence of courses which are directly related to the preparation or retraining of individuals in paid or unpaid employment in current or emerging occupations requiring other than a baccalaureate or advanced degree. Such programs shall include competency-based applied learning which contributes to an individual's academic knowledge, higher-order reasoning, and problem-solving skills, work attitudes, general employability skills, and the occupational-specific skills necessary for economic independence as a productive and contributing member of society. Such term also includes applied technology education.

(6) "Adult basic education" means instruction designed to achieve mastery of skills in reading, writing, oral communication, and computation at a level sufficient to allow the individual to function effectively as a parent, worker, and citizen in the United States, commensurate with that individual's actual ability level, and includes English as a second language and preparation and testing service for the general education development exam.

(7) "Industry skill panel" means a regional partnership of business, labor, and education leaders that identifies skill gaps in a key economic cluster and enables the industry and public partners to respond to and be proactive in addressing workforce skill needs.

NEW SECTION. Sec. 3. A new section is added to chapter 28C.18 RCW to read as follows:

(1) Subject to funding provided for the purposes of this section, the board, in consultation with the state board for community and technical colleges, the department of community, trade, and economic development, and the employment security department, shall allocate grants on a competitive basis to establish and support industry skill panels.

(2) Eligible applicants for the grants allocated under this section include, but are not limited to, work force development councils, community and technical colleges, economic development councils, private career schools, chambers of commerce, trade associations, and apprenticeship councils.

(3) Entities applying for a grant under this section shall provide an employer match of at least twenty-five percent to be eligible. The local match may include in-kind services.

(4) It shall be the role of industry skill panels funded under this chapter to enable businesses in the industry to address work force skill needs. Industry skill panels shall identify work force strategies to meet the needs in order to benefit employers and workers across the industry. Examples of strategies include, but are not limited to: Developing career guidance materials; producing or updating skill standards and curricula; designing training programs and courses; developing technical assessments and certifications; arranging employer mentoring, tutoring, and internships; identifying private sector assistance in providing faculty or equipment to training providers; and organizing industry conferences disseminating best practices. The products and services of particular skill panels shall depend upon the needs of the industry.

NEW SECTION. Sec. 4. A new section is added to chapter 28C.18 RCW to read as follows:

The board shall establish industry skill panel standards that identify the expectations for industry skill panel products and services. The board shall

establish the standards in consultation with labor, the state board for community and technical colleges, the employment security department, the institute of workforce development and economic sustainability, and the department of community, trade, and economic development. Continued funding of particular industry skill panels shall be based on meeting the standards established by the board under this section. Beginning December 1, 2008, the board shall report annually to the governor and the economic development and higher education committees of the legislature on the results of the industry skill panels funded under this chapter in meeting the standards.

NEW SECTION. Sec. 5. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the Senate March 10, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 104

[Substitute Senate Bill 6400]

INCARCERATED PERSONS

AN ACT Relating to moral guidance of incarcerated persons; amending RCW 72.01.210; adding a new section to chapter 72.01 RCW; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that men and women who are incarcerated have the need to develop prosocial behaviors. These behaviors will better enable these men and women to fully participate in society and adhere to law-abiding behaviors, such as continuing treatment that is undertaken in prison, once the person is released in the community.

Living in an environment where foundational skills are modeled and encouraged fosters positive outcomes for people who have been convicted and sentenced for their crimes. Basic skills include positive decision making, personal responsibility, building a healthy community, religious tolerance and understanding, ethics and morality, conflict management, family life relationships, leadership, managing emotions, restorative justice, transitional issues, and spirituality. Learning and practicing how to overcome minor and significant obstacles in a positive way will prepare offenders who are returning to our communities to begin their new crime-free lives.

NEW SECTION. Sec. 2. (1) The department of corrections shall establish an oversight committee to develop a comprehensive interagency plan to provide voluntary, nondenominational moral and character-building residential services and supports for offenders who are incarcerated in prison.

(2) The interagency plan shall include the following:

(a) Identification of existing state services and programs, as well as recognized community-based services and programs, for building moral character for those who are incarcerated;

(b) Identification of methods to improve collaboration and coordination of existing services and the community-based services and programs;

(c) Recommendations concerning new services and programs for adults who are incarcerated, involving both interagency and community-based efforts;

(d) Identification of evidence-based practices and areas for further research to support the long-term provision of moral and character-building services and programs for adults who are incarcerated;

(e) A plan for offering both nondenominational and secular programming; and

(f) A system to prevent the diversion of public funds to religious activities.

(3) The oversight committee shall include the following:

(a) Representatives with decision-making authority from: The department of corrections; the department of social and health services; the Washington association of sheriffs and police chiefs; county law and justice councils; county community transition coordination networks; specialized county courts such as those addressing child dependency, drug, mental health, and domestic violence related crimes; prosecuting attorneys and public defenders; representatives of at least three faith-based organizations that work primarily in the prisons and at least three faith-based organizations that work primarily with offenders in the community; the religious program manager employed by the department of corrections; one institutional staff chaplain employed by the department of corrections; three chaplains: (i) One of whom volunteers in the institution, (ii) one of whom contracts with the department of corrections, and (iii) one of whom is a Native American program specialist with the department of corrections to serve those who are incarcerated; and six representatives from secular organizations in the private and public sectors that have evidence-based expertise in character and moral skills building, education, and residential programming;

(b) Two persons representing victims of crimes and their family members and friends;

(c) One former inmate of the state department of corrections; and

(d) One individual representing families of inmates who are incarcerated in state correctional institutions.

(4) In developing the interagency plan, the oversight committee shall seek input on moral and character-based residential programs in our state's adult correctional facilities from the public, including faith-based communities, state institutions of higher education, and the business community.

(5) The oversight committee shall develop the interagency plan by June 30, 2010, with an interim report due to the appropriate committees of the legislature by January 1, 2009.

Sec. 3. RCW 72.01.210 and 1993 c 281 s 62 are each amended to read as follows:

(1) The secretary of corrections shall appoint institutional chaplains for the state correctional institutions for convicted felons(~~(- and the)~~). Institutional chaplains shall be appointed as employees of the department of corrections. The secretary of corrections may further contract with chaplains to be employed as is necessary to meet the religious needs of those inmates whose religious denominations are not represented by institutional chaplains and where volunteer chaplains are not available.

(2) Institutional chaplains appointed by the department of corrections under this section shall have qualifications necessary to function as religious program

coordinators for all faith groups represented within the department. Every chaplain so appointed or contracted with shall have qualifications consistent with community standards of the given faith group to which the chaplain belongs and shall not be required to violate the tenets of his or her faith when acting in an ecclesiastical role.

(3) The secretary of social and health services shall appoint chaplains for the correctional institutions for juveniles found delinquent by the juvenile courts; and the secretary of corrections and the secretary of social and health services shall appoint one or more chaplains for other custodial, correctional, and mental institutions under their control.

(4) Except as provided in this section, the chaplains so appointed under this section shall have the qualifications and shall be compensated in an amount(~~(s)~~) as (~~shall hereafter be~~) recommended by the appointing department and approved by the Washington personnel resources board.

NEW SECTION. Sec. 4. A new section is added to chapter 72.01 RCW to read as follows:

Regardless of whether the services are voluntary or provided by employment or contract with the department of corrections, a chaplain who provides the services authorized by RCW 72.01.220:

(1) May not be compelled to carry personal liability insurance as a condition of providing those services; and

(2) May request that the attorney general authorize the defense of an action or proceeding for damages instituted against the chaplain arising out of the course of his or her duties in accordance with RCW 4.92.060, 4.92.070, and 4.92.075.

Passed by the Senate March 10, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 105

[Engrossed Substitute Senate Bill 6437]

BAIL BOND AGENTS—BAIL BOND RECOVERY AGENTS

AN ACT Relating to bail bond agents and bail bond recovery agents; amending RCW 18.185.030, 18.185.060, 18.185.090, 18.185.110, 18.185.250, 18.185.260, 18.185.280, and 18.185.300; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 18.185.030 and 1993 c 260 s 4 are each amended to read as follows:

(1) In addition to meeting the minimum requirements to obtain a license as a bail bond agent, a qualified agent must meet the following additional requirements to obtain a bail bond agency license:

(a) Pass an examination determined by the director to measure the person's knowledge and competence in the bail bond agency business; or

(b) Have had at least three years' experience as a manager, supervisor, or administrator in the bail bond business or a related field in Washington state as determined by the director. A year's experience means not less than two

thousand hours of actual compensated work performed before the filing of an application. An applicant shall substantiate the experience by written certifications from previous employers. If the applicant is unable to supply written certifications from previous employers, applicants may offer written certifications from persons other than employers who, based on personal knowledge, can substantiate the employment; and

(c) Pay any additional fees as established by the director.

(2) An agency license issued under this section may not be assigned or transferred without prior written approval of the director.

Sec. 2. RCW 18.185.060 and 1993 c 260 s 7 are each amended to read as follows:

(1) The director shall adopt rules establishing prelicense training and testing requirements for bail bond agents, which shall include ~~((a minimum of))~~ no less than four hours of classes. The director may establish, by rule, continuing education requirements for bail bond agents.

(2) The director ~~((shall))~~ or the director's designee, with the advice of law enforcement agencies and associations, the criminal justice training commission, prosecutors' associations, or such other entities as may be appropriate, shall consult with representatives of the bail bond industry and associations before adopting or amending the prelicensing training or continuing education requirements of this section.

(3) The director may appoint an advisory committee consisting of representatives from the bail bond industry and a consumer to assist in the development of rules to implement and administer this chapter.

~~((4) A bail bond agent need not fulfill the prelicensing training requirements of this chapter if he or she, within sixty days prior to July 1, 1994, provides proof to the director that he or she previously has met the training requirements of this chapter or has been employed as a bail bond agent for at least eighteen consecutive months immediately prior to the date of application.))~~

Sec. 3. RCW 18.185.090 and 2004 c 186 s 7 are each amended to read as follows:

(1) A bail bond agency shall notify the director within thirty days after the death or termination of employment of any employee who is a licensed bail bond agent.

(2) A bail bond agency shall notify the director within seventy-two hours upon receipt of information affecting a licensed bail bond agent's continuing eligibility to hold a license under the provisions of this chapter.

(3) A bail bond agent or bail bond recovery agent shall notify the director within seventy-two hours upon receipt of information affecting the bail bond recovery agent's continuing eligibility to hold a bail bond recovery agent's license under the provisions of this chapter.

(4) A bail bond recovery agent shall notify the director within ten business days following a forced entry for the purpose of apprehending a fugitive criminal defendant, whether planned or unplanned. The notification under this subsection must include information required by rule of the director.

~~(5) A ((bail bond agent or))~~ bail bond recovery agent shall notify the local law enforcement agency whenever the bail bond recovery agent discharges his or her firearm while on duty, other than on a supervised firearms range. The

notification must be made within ten business days of the date the firearm is discharged.

Sec. 4. RCW 18.185.110 and 2007 c 256 s 2 are each amended to read as follows:

In addition to the unprofessional conduct described in RCW 18.235.130, the following conduct, acts, or conditions constitute unprofessional conduct:

(1) Violating any of the provisions of this chapter or the rules adopted under this chapter;

(2) Failing to meet the qualifications set forth in RCW 18.185.020, 18.185.030, and 18.185.250;

(3) Knowingly committing, or being a party to, any material fraud, misrepresentation, concealment, conspiracy, collusion, trick, scheme, or device whereby any other person lawfully relies upon the word, representation, or conduct of the licensee. However, this subsection (3) does not prevent a bail bond recovery agent from using any pretext to locate or apprehend a fugitive criminal defendant or gain any information regarding the fugitive;

(4) Assigning or transferring any license issued pursuant to the provisions of this chapter, except as provided in RCW 18.185.030 or 18.185.250;

(5) Conversion of any money or contract, deed, note, mortgage, or other evidence of title, to his or her own use or to the use of his or her principal or of any other person, when delivered to him or her in trust or on condition, in violation of the trust or before the happening of the condition; and failure to return any money or contract, deed, note, mortgage, or other evidence of title within thirty days after the owner is entitled to possession, and makes demand for possession, shall be prima facie evidence of conversion;

(6) Failing to keep records, maintain a trust account, or return collateral or security, as required by RCW 18.185.100;

(7) Any conduct in a bail bond transaction which demonstrates bad faith, dishonesty, or untrustworthiness;

(8) Violation of an order to cease and desist that is issued by the director under chapter 18.235 RCW;

(9) Wearing, displaying, holding, or using badges not approved by the department;

(10) Making any statement that would reasonably cause another person to believe that the bail bond recovery agent is a sworn peace officer;

(11) Failing to carry a copy of the contract or to present a copy of the contract as required under RCW 18.185.270(1);

(12) Using the services of an unlicensed bail bond recovery agent or using the services of a bail bond recovery agent without issuing the proper contract;

(13) Misrepresenting or knowingly making a material misstatement or omission in the application for a license;

(14) Using the services of a person performing the functions of a bail bond recovery agent who has not been licensed by the department as required by this chapter; ((~~or~~))

(15) Performing the functions of a bail bond recovery agent without being both (a) licensed under this chapter or supervised by a licensed bail bond recovery agent under RCW 18.185.290; and (b) under contract with a bail bond agent;

(16) Performing the functions of a bail bond recovery agent without exercising due care to protect the safety of persons other than the defendant and the property of persons other than the defendant; or

(17) Using a dog in the apprehension of a fugitive criminal defendant.

Sec. 5. RCW 18.185.250 and 2004 c 186 s 3 are each amended to read as follows:

An applicant must meet the following requirements to obtain a bail bond recovery agent license:

(1) Submit a fully completed application that includes proper identification on a form prescribed by the director;

(2) Pass an examination determined by the director to measure his or her knowledge and competence in the bail recovery business;

(3) Be at least twenty-one years old;

(4) Be a citizen or legal resident alien of the United States;

(5) Not have been convicted of a crime in any jurisdiction, if the director determines that the applicant's particular crime directly relates to a capacity to perform the duties of a bail bond recovery agent, and that the license should be withheld to protect the citizens of Washington state. The director shall make the director's determination to withhold a license because of previous convictions notwithstanding the restoration of employment rights act, chapter 9.96A RCW;

(6) Not have had certification as a peace officer revoked or denied under chapter 43.101 RCW, unless certification has subsequently been reinstated under RCW 43.101.115;

(7) Submit a receipt showing payment for a background check through the Washington state patrol and the federal bureau of investigation;

~~((7))~~ (8) Have a current firearms certificate issued by the commission if carrying a firearm in the performance of his or her duties as a bail bond recovery agent;

~~((8))~~ (9)(a) Have a current license or equivalent permit to carry a concealed pistol ~~((if carrying a firearm in the performance of his or her duties as a bail bond recovery agent))~~;

(b) A resident alien must provide a copy of his or her alien firearm license ~~((if carrying a firearm in the performance of his or her duties as a bail bond recovery agent))~~; and

~~((9))~~ (10)(a) Pay the required nonrefundable fee for each application for a bail bond recovery agent license;

(b) A bail bond agent or qualified agent who wishes to perform the duties of a bail bond recovery agent must first obtain a bail bond recovery agent endorsement to his or her bail bond agent or agency license in order to act as a bail bond recovery agent, and pay the required nonrefundable fee for each application for a bail bond recovery agent endorsement.

Sec. 6. RCW 18.185.260 and 2004 c 186 s 5 are each amended to read as follows:

(1) The director shall adopt rules establishing prelicense training and testing requirements for bail bond recovery agents, which shall include ~~((a minimum of four))~~ no less than thirty-two hours of field operations classes. The director may establish, by rule, continuing education and recertification requirements for bail bond recovery agents.

(2) The director (~~(shall)~~) or the director's designee, with the advice of law enforcement agencies and associations, the criminal justice training commission, prosecutors' associations, or such other entities as may be appropriate, shall consult with representatives of the bail bond industry and associations before adopting or amending the prelicensing training (~~(or continuing education requirements of this section.~~

(3) ~~A bail bond recovery agent need not fulfill the prelicensing training requirements of this chapter if he or she, within sixty days prior to July 1, 2005, provides proof to the director that he or she previously has met the training requirements of this chapter.~~

(4) ~~The director, or the director's designee, with the advice of representatives of the bail bond industry and associations, law enforcement agencies and associations, and prosecutors' associations, shall adopt rules establishing prelicense training and), testing, and continuing education and recertification requirements of this section and shall establish minimum exam standards necessary for a bail bond recovery agent to qualify for licensure or endorsement.~~

~~((5))~~ (3) The standards (~~(shall be)~~) must include, but are not limited to, the following:

(a) A minimum level of education or experience appropriate for performing the duties of a bail bond recovery agent;

(b) A minimum level of knowledge in relevant areas of criminal and civil law;

(c) A minimum level of knowledge regarding the appropriate use of force and different degrees of the use of force; and

(d) Adequate training of the use of firearms from the criminal justice training commission (~~(or)~~), from an instructor who has been trained or certified by the criminal justice training (~~(center)~~) commission, or from another entity approved by the director.

~~((6))~~ (4) The legislature does not intend, and nothing in this chapter shall be construed to restrict or limit in any way the powers of bail bond agents as recognized in and derived from the United States supreme court case of *Taylor v. Taintor*, 16 Wall. 366 (1872).

Sec. 7. RCW 18.185.280 and 2004 c 186 s 10 are each amended to read as follows:

(1) A person may not perform the functions of a bail bond recovery agent unless the person is licensed by the department under this chapter.

(2) A bail bond agent may contract with a person to perform the functions of a bail bond recovery agent. Before contracting with the bail bond recovery agent, the bail bond agent must check the license issued by the department under this chapter. The requirements established by the department under this chapter do not prevent the bail bond agent from imposing additional requirements that the bail bond agent considers appropriate.

(3) A contract entered into under this chapter is authority for the person to perform the functions of a bail bond recovery agent as specifically authorized by the contract and in accordance with applicable law. A contract entered into by a bail bond agent with a bail bond recovery agent is not transferable by the bail bond recovery agent to another bail bond recovery agent.

(4) Whenever a person licensed by the department as a bail bond recovery agent is engaged in the performance of the person's duties as a bail bond recovery agent, the person must carry a copy of the license.

(5) A license or endorsement issued by the department under this chapter is valid from the date the license or endorsement is issued until its expiration date unless it is suspended or revoked by the department prior to its expiration date.

~~(6) ((No person may perform the functions of a bail bond recovery agent after December 31, 2005, unless the person has first complied with the provisions of this chapter.~~

~~(7))~~ Nothing in this chapter is meant to prevent a bail bond agent from contacting a fugitive criminal defendant for the purpose of requesting the surrender of the fugitive, or from accepting the voluntary surrender of the fugitive.

Sec. 8. RCW 18.185.300 and 2004 c 186 s 12 are each amended to read as follows:

(1) Before a bail bond recovery agent may apprehend a person subject to a bail bond in a planned forced entry, the bail bond recovery agent must:

(a) Have reasonable cause to believe that the defendant is inside the dwelling, building, or other structure where the planned forced entry is expected to occur; and

(b) Notify an appropriate law enforcement agency in the local jurisdiction in which the apprehension is expected to occur. Notification must include, at a minimum: The name of the defendant; the address, or the approximate location if the address is undeterminable, of the dwelling, building, or other structure where the planned forced entry is expected to occur; the name of the bail bond recovery agent; the name of the contracting bail bond agent; and the alleged offense or conduct the defendant committed that resulted in the issuance of a bail bond.

(2) During the actual planned forced entry, a bail bond recovery agent:

(a) Shall wear a shirt, vest, or other garment with the words "BAIL BOND RECOVERY AGENT," "BAIL ENFORCEMENT," or "BAIL ENFORCEMENT AGENT" displayed in at least two-inch-high reflective print letters across the front and back of the garment and in a contrasting color to that of the garment; and

(b) May display a badge approved by the department with the words "BAIL BOND RECOVERY AGENT," "BAIL ENFORCEMENT," or "BAIL ENFORCEMENT AGENT" prominently displayed.

(3) Any law enforcement officer who assists in or is in attendance during a planned forced entry is immune from civil action for damages arising out of actions taken by the bail bond recovery agent or agents conducting the forced entry.

NEW SECTION. Sec. 9. The department of licensing is directed to convene a work group to evaluate the availability of the requisite surety bonds on the current market and the issue of requiring bail bond agents and bail recovery agents to provide proof of financial responsibility in order to obtain a license from the department. Members shall include representatives of the following: The bail bond industry and associations, local law enforcement, prosecuting attorneys, and criminal defense attorneys. The work group shall

evaluate and make recommendations regarding whether, in order to be licensed in this state, bail bond agents and bail recovery agents should be required to provide proof of liability insurance, a surety bond, or other similar types of financial responsibility protecting persons who may suffer legal damages as a result of the operations of bail bond agents and bail recovery agents. The department of licensing shall report back to the legislature on its findings and recommendations of the work group on or before January 1, 2009.

Passed by the Senate February 15, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 106

[Senate Bill 6722]

CLEANUP SETTLEMENT ACCOUNT

AN ACT Relating to the creation and use of the cleanup settlement account; reenacting and amending RCW 43.84.092, 43.84.092, and 43.84.092; adding a new section to chapter 70.105D RCW; providing effective dates; and providing expiration dates.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 70.105D RCW to read as follows:

(1) The cleanup settlement account is created in the state treasury. The account is not intended to replace the state toxics control account established under RCW 70.105D.070. All receipts from the sources identified in subsection (2) of this section must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only as identified in subsection (4) of this section.

(2) The following receipts must be deposited into the cleanup settlement account:

(a) Receipts from settlements or court orders that direct payment to the account and resolve a person's liability or potential liability under this chapter for either or both of the following:

(i) Conducting future remedial action at a specific facility, if it is not feasible to require the person to conduct the remedial action based on the person's financial insolvency, limited ability to pay, or insignificant contribution under RCW 70.105D.040(4)(a);

(ii) Assessing or addressing the injury to natural resources caused by the release of a hazardous substance from a specific facility; and

(b) Receipts from investment of the moneys in the account.

(3) If a settlement or court order does not direct payment of receipts described in subsection (2)(a) of this section into the cleanup settlement account, then the receipts from any payment to the state must be deposited into the state toxics control account.

(4) Expenditures from the cleanup settlement account may only be used to conduct remedial actions at the specific facility or to assess or address the injury to natural resources caused by the release of hazardous substances from that facility for which the moneys were deposited in the account. Conducting

remedial actions or assessing or addressing injury to natural resources includes direct expenditures and indirect expenditures such as department oversight costs.

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

(6) After the department determines that all remedial actions at a specific facility, and all actions assessing or addressing injury to natural resources caused by the release of hazardous substances from that facility, are completed, including payment of all related costs, any moneys remaining for the specific facility must be transferred to the state toxics control account established under RCW 70.105D.070.

(7) The department shall provide the office of financial management and the fiscal committees of the legislature with a report by October 31st of each year regarding the activity within the cleanup settlement account during the previous fiscal year.

Sec. 2. RCW 43.84.092 and 2007 c 514 s 3 and 2007 c 356 s 9 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 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 common school construction fund, the county criminal

justice assistance account, the county sales and use tax equalization account, the data processing building construction account, the deferred compensation administrative account, the deferred compensation principal 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 education construction fund, the education legacy trust account, the election account, the emergency reserve fund, the energy freedom account, The Evergreen State College capital projects account, the federal forest revolving account, the freight congestion relief account, the freight mobility investment account, the freight mobility multimodal account, the health services account, the public health services account, the health system capacity account, the personal health services account, the state higher education construction account, the higher education construction account, the highway infrastructure account, the high-occupancy toll lanes operations account, 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 medical aid account, the mobile home park relocation fund, the multimodal transportation account, the municipal criminal justice assistance account, the municipal sales and use tax equalization 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 Puyallup tribal settlement account, the real estate appraiser commission account, the regional mobility grant program account, the resource management cost account, the rural Washington loan fund, the site closure account, the small city pavement and sidewalk 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 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 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 fruit express account, 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 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 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, and the state university permanent fund shall be allocated to their respective beneficiary accounts. All earnings to be distributed under this subsection (4)(a) shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(b) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the county arterial preservation account, the department of licensing services account, the essential rail assistance account, the ferry bond retirement fund, the grade crossing protective fund, the high capacity transportation account, the highway bond retirement fund, the highway safety account, the motor vehicle fund, the motorcycle safety education account, the pilotage account, the public transportation systems account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the recreational vehicle account, the rural arterial trust account, the safety and education account, the special category C account, the state patrol highway 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, and the urban arterial trust account.

(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. 3. RCW 43.84.092 and 2007 c 514 s 3, 2007 c 484 s 4, and 2007 c 356 s 9 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 budget stabilization 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 common school construction fund, the county criminal justice assistance account, the county sales and use tax equalization account, the data processing building construction account, the deferred compensation administrative account, the deferred compensation principal 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 education construction fund, the education legacy trust account, the election account, the energy freedom account, The Evergreen State College capital projects account, the federal forest revolving account, the freight congestion relief account, the freight mobility investment account, the freight mobility multimodal account, the health services account, the public health services account, the health system capacity account, the personal health services account, the state higher education construction account, the higher education construction account, the highway infrastructure account, the high-occupancy toll lanes operations account, 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 medical aid account, the mobile home park relocation fund, the multimodal transportation account, the municipal criminal justice assistance account, the municipal sales and use tax equalization 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 Puyallup tribal settlement account, the real estate appraiser commission account, the regional mobility grant program account, the resource management cost account, the rural Washington loan fund, the site closure account, the small city pavement and sidewalk 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 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 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 fruit express account, 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 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 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, and the state university permanent fund shall be allocated to their respective beneficiary accounts. All earnings to be distributed under this subsection (4)(a) shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(b) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the county arterial preservation account, the department of licensing services account, the essential rail assistance account, the ferry bond retirement fund, the grade crossing protective fund, the high capacity transportation account, the highway bond retirement fund, the highway safety account, the motor vehicle fund, the motorcycle safety education account, the pilotage account, the public transportation systems account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the recreational vehicle account, the rural arterial trust account, the safety and education account, the special category C account, the state patrol highway 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, and the urban arterial trust account.

(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. 4. RCW 43.84.092 and 2007 c 514 s 3, 2007 c 513 s 1, 2007 c 484 s 4, and 2007 c 356 s 9 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:

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 budget stabilization 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 common school construction fund, the county arterial preservation account, the county criminal justice assistance account, the county sales and use tax equalization account, the data processing building construction 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 education construction fund, the education legacy trust account, the election account, the energy freedom 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 congestion relief account, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the health services account, the public health services account, the health system capacity account, the personal 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 account, the high-occupancy toll lanes operations account, 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 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 municipal sales and use tax equalization account, the natural resources deposit account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the pilotage 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 transportation systems account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the Puyallup tribal settlement 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 Washington loan fund, the safety and education account, the site closure account, 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 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 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 urban arterial trust account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the Washington fruit express account, 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 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 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, and the state university

permanent fund shall be allocated to their respective beneficiary accounts. All earnings to be distributed under this subsection (4)(a) shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(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. 5. (1) Section 2 of this act expires July 1, 2008.
(2) Section 3 of this act expires July 1, 2009.

NEW SECTION. Sec. 6. (1) Section 3 of this act takes effect July 1, 2008.
(2) Section 4 of this act takes effect July 1, 2009.

Passed by the Senate March 11, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 107

[Senate Bill 6740]

TEACHER CERTIFICATION SERVICES

AN ACT Relating to the provision of teacher certification services; and amending RCW 28A.410.060.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28A.410.060 and 2005 c 497 s 206 are each amended to read as follows:

The fee for any certificate, or any renewal thereof, issued by the authority of the state of Washington, and authorizing the holder to teach or perform other professional duties in the public schools of the state shall be not less than one dollar or such reasonable fee therefor as the Washington professional educator standards board by rule shall deem necessary therefor. The fee must accompany the application and cannot be refunded unless the application is withdrawn before it is finally considered. The educational service district superintendent, or other official authorized to receive such fee, shall within thirty days transmit the same to the treasurer of the county in which the office of the educational service district superintendent is located, to be by him or her placed to the credit of said school district or educational service district: PROVIDED, That if any school district collecting fees for the certification of professional staff does not hold a professional training institute separate from the educational service district then all such moneys shall be placed to the credit of the educational service district.

Such fees shall be used solely for the purpose of precertification professional preparation, program evaluation, ~~((and))~~ professional in-service training programs, and provision of certification services by educational service districts, in ~~((accord))~~ accordance with rules of the Washington professional educator standards board herein authorized.

Passed by the Senate February 13, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 20, 2008.

Filed in Office of Secretary of State March 21, 2008.

CHAPTER 108

[Substitute House Bill 2770]

MORTGAGE LENDING AND HOMEOWNERSHIP

AN ACT Relating to homeownership security, responsible mortgage lending, and improving protections for residential mortgage loan consumers; amending RCW 19.146.005 and 61.24.030; reenacting and amending RCW 9.94A.515 and 9A.82.010; adding new sections to chapter 19.146 RCW; adding a new section to chapter 30.04 RCW; adding a new section to chapter 31.04 RCW; adding a new section to chapter 31.12 RCW; adding a new section to chapter 32.04 RCW; adding a new section to chapter 33.04 RCW; adding a new chapter to Title 19 RCW; and prescribing penalties.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that responsible mortgage lending and homeownership are important to the citizens of the state of Washington. The legislature declares that protecting our residents and our economy from the threat of widespread foreclosures and providing homeowners with access to residential mortgage loans on fair and equitable terms is in the public interest. The legislature further finds that this act is necessary to encourage responsible lending, protect borrowers, and preserve access to credit in the residential real estate lending market.

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

(1) "Adjustable rate mortgage" or "ARM" means a payment option ARM or a hybrid ARM (commonly known as a 2/28 or 3/27 loan).

(2) "Application" means the same as in Regulation X, Real Estate Settlement Procedures, 24 C.F.R. Sec. 3500, as used in an application for a residential mortgage loan.

(3) "Borrower" means any person who consults with or retains a person subject to this chapter in an effort to seek information about obtaining a residential mortgage loan, regardless of whether that person actually obtains such a loan.

(4) "Department" means the department of financial institutions.

(5) "Director" means the director of the department of financial institutions.

(6) "Financial institution" means commercial banks and alien banks subject to regulation under Title 30 RCW, savings banks subject to regulation under Title 32 RCW, savings associations subject to regulation under Title 33 RCW, credit unions subject to regulation under chapter 31.12 RCW, consumer loan companies subject to regulation under chapter 31.04 RCW, and mortgage brokers and lenders subject to regulation under chapter 19.146 RCW.

(7) "Fully indexed rate" means the index rate prevailing at the time a residential mortgage loan is made, plus the margin that will apply after the expiration of an introductory interest rate.

(8) "Negative amortization" means an increase in the principal balance of a loan caused when the loan agreement allows the borrower to make payments less than the amount needed to pay all the interest that has accrued on the loan. The unpaid interest is added to the loan balance and becomes part of the principal.

(9) "Person" means individuals, partnerships, associations, limited liability companies, limited liability partnerships, trusts, corporations, and all other legal entities.

(10) "Residential mortgage loan" means an extension of credit secured by residential real property located in this state upon which is constructed or intended to be constructed, a single-family dwelling or multiple-family dwelling of four or less units. It does not include a reverse mortgage or a borrower credit transaction that is secured by rental property. It does not include a bridge loan. It does not include loans to individuals making or acquiring a residential mortgage loan solely with his or her own funds for his or her own investment. For purposes of this subsection, a "bridge loan" is any temporary loan, having a maturity of one year or less, for the purpose of acquisition or construction of a dwelling intended to become the borrower's principal dwelling.

(11) "The interagency guidance on nontraditional mortgage product risks" means the guidance document issued in September 2006 by the office of the comptroller of the currency, the board of governors of the federal reserve system, the federal deposit insurance corporation, the office of thrift supervision, and the national credit union administration, and the guidance on nontraditional mortgage product risks released in November 2006 by the conference of state bank supervisors and the American association of residential mortgage regulators.

(12) "The statement on subprime mortgage lending" means the guidance document issued in June 2007 by the office of the comptroller of the currency, the board of governors of the federal reserve system, the federal deposit insurance corporation, the office of thrift supervision, and the national credit union administration, and the statement on subprime mortgage lending released in July 2007 by the conference of state bank supervisors, the American association of residential mortgage regulators, and the national association of consumer credit administrators.

NEW SECTION. Sec. 3. (1) In addition to any other requirements under federal or state law, a residential mortgage loan may not be made unless a disclosure summary of all material terms, as adopted by the department in subsection (2) of this section, is placed on a separate sheet of paper and has been provided by a financial institution to the borrower within three business days following receipt of a loan application. If any material terms of the residential mortgage loan change before closing, a new disclosure summary must be provided to the borrower within three days of any such change or at least three days before closing, whichever is earlier.

(2) The department shall adopt, by rule, a disclosure summary form with a content and format containing simple, plain-language terms that are reasonably understandable to the average person without the aid of third-party resources and shall include, but not be limited to, the following items: Fees and discount points on the loan; interest rates of the loan; broker fees; the broker's yield spread premium as a dollar amount; whether the loan contains prepayment penalties; whether the loan contains a balloon payment; whether the property taxes and property insurance are escrowed; whether the loan payments will adjust at the fully indexed rates; and whether there is a price added or premium charged because the loan is based on reduced documentation.

(3) The director may, at his or her discretion, require by rule other information relating to a residential mortgage loan to be included in the disclosure summary if the director determines that it is necessary to protect consumers. The director may adopt rules creating a standard form of disclosure

summary to be used as a guide by financial institutions in fulfilling the requirements of this section.

NEW SECTION. Sec. 4. (1) The department shall apply the interagency guidance on nontraditional mortgage product risks and the statement on subprime mortgage lending to financial institutions.

(2)(a) Financial institutions subject to this chapter shall adopt and adhere to internal policies and procedures that are reasonably intended to achieve the objectives set forth in the interagency guidance on nontraditional mortgage product risks and the statement on subprime mortgage lending.

(b) The department shall adopt rules as required to implement this section.

NEW SECTION. Sec. 5. A financial institution may not make or facilitate the origination of a residential mortgage loan that includes a prepayment penalty or fee that extends beyond sixty days prior to the initial reset period of an adjustable rate mortgage.

NEW SECTION. Sec. 6. A financial institution may not make or facilitate a residential mortgage loan that includes any provisions that impose negative amortization and which are subject to the interagency guidance on nontraditional mortgage product risks and the statement on subprime mortgage lending.

NEW SECTION. Sec. 7. A person licensed or subject to licensing, or otherwise subject to regulation pursuant to chapter 19.146 RCW, or a consumer loan company licensed or subject to licensing under chapter 31.04 RCW may not steer, counsel, or direct any borrower to accept a residential mortgage loan product with a risk grade less favorable than the risk grade that the borrower would qualify for based on the licensee or other regulated person's then current underwriting guidelines, prudently applied, considering the information available to the licensee or other regulated person, including the information provided by the borrower. A licensee or other regulated person has not violated this requirement if the risk grade determination applied to a borrower is reasonably based on the licensee or other regulated person's underwriting guidelines for the borrower's appropriate risk grade category and the borrower is offered choices of residential mortgage loan products within the borrower's appropriate risk grade category.

NEW SECTION. Sec. 8. The department may adopt rules necessary to implement this chapter, including but not limited to the authority to identify which sections of this act apply to open-end credit plans.

NEW SECTION. Sec. 9. It is unlawful for any person in connection with making, brokering, or obtaining a residential mortgage loan to directly or indirectly:

(1)(a) Employ any scheme, device, or artifice to defraud or materially mislead any borrower during the lending process; (b) defraud or materially mislead any lender, defraud or materially mislead any person, or engage in any unfair or deceptive practice toward any person in the lending process; or (c) obtain property by fraud or material misrepresentation in the lending process;

(2) Knowingly make any misstatement, misrepresentation, or omission during the mortgage lending process knowing that it may be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;

(3) Use or facilitate the use of any misstatement, misrepresentation, or omission, knowing the same to contain a misstatement, misrepresentation, or omission, during the mortgage lending process with the intention that it be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process; or

(4) Receive any proceeds or anything of value in connection with a residential mortgage closing that such person knew resulted from a violation of subsection (1), (2), or (3) of this section.

NEW SECTION. Sec. 10. (1) Any person who knowingly violates section 9 of this act or who knowingly aids or abets in the violation of section 9 of this act is guilty of a class B felony punishable under RCW 9A.20.021(1)(b). Mortgage fraud is a serious level III offense per chapter 9.94A RCW.

(2) Any person who knowingly alters, destroys, shreds, mutilates, or conceals a record, document, or other object, or attempts to do so, with the intent to impair the investigation and prosecution of this crime is guilty of a class B felony punishable under RCW 9A.20.021(1)(b).

(3) No information may be returned more than (a) five years after the violation, or (b) three years after the actual discovery of the violation, whichever date of limitation is later.

(4) Any person who violates this chapter is subject to civil forfeiture statutes.

NEW SECTION. Sec. 11. (1)(a) It is unlawful for a person to use or invest proceeds, or any part of proceeds, knowing that the proceeds, or any part of the proceeds, were derived, directly or indirectly, from a pattern of mortgage fraud activity, in the acquisition of any title to, or any right, interest, or equity in, real property or in the establishment or operation of any enterprise.

(b) A violation of this subsection is a class B felony.

(2)(a) It is unlawful for a person to acquire or maintain, directly or indirectly, any interest in or control of any enterprise or real property knowing the interest or control was obtained through a pattern of mortgage fraud.

(b) A violation of this subsection is a class B felony.

(3)(a) It is unlawful for a person to knowingly conspire or attempt to violate subsection (1) or (2) of this section.

(b) A violation of this subsection is a class C felony.

NEW SECTION. Sec. 12. Any penalty imposed for violation of this chapter is in addition to, and not in lieu of, any civil or administrative penalty or sanction otherwise authorized by law.

NEW SECTION. Sec. 13. The director or the director's designee may, at his or her discretion, take such actions as provided for in Titles 30, 32, and 33 RCW, and chapters 31.12, 31.04, and 19.146 RCW, to enforce, investigate, or examine persons covered by this chapter.

NEW SECTION. Sec. 14. A new section is added to chapter 19.146 RCW to read as follows:

The director or the director's designee may take such action as provided for in this chapter to enforce, investigate, or examine persons covered by chapter 19.— RCW (sections 1 through 13 of this act).

NEW SECTION. Sec. 15. A new section is added to chapter 30.04 RCW to read as follows:

The director or the director's designee may take such action as provided for in this title to enforce, investigate, or examine persons covered by chapter 19.— RCW (sections 1 through 13 of this act).

NEW SECTION. Sec. 16. A new section is added to chapter 31.04 RCW to read as follows:

The director or the director's designee may take such action as provided for in this chapter to enforce, investigate, or examine persons covered by chapter 19.— RCW (sections 1 through 13 of this act).

NEW SECTION. Sec. 17. A new section is added to chapter 31.12 RCW to read as follows:

The director or the director's designee may take such action as provided for in this chapter to enforce, investigate, or examine persons covered by chapter 19.— RCW (sections 1 through 13 of this act).

NEW SECTION. Sec. 18. A new section is added to chapter 32.04 RCW to read as follows:

The director or the director's designee may take such action as provided for in this title to enforce, investigate, or examine persons covered by chapter 19.— RCW (sections 1 through 13 of this act).

NEW SECTION. Sec. 19. A new section is added to chapter 33.04 RCW to read as follows:

The director or the director's designee may take such action as provided for in this title to enforce, investigate, or examine persons covered by chapter 19.— RCW (sections 1 through 13 of this act).

NEW SECTION. Sec. 20. A new section is added to chapter 19.146 RCW to read as follows:

The activities of a mortgage broker affect the public interest, and require that all actions of mortgage brokers, designated brokers, loan originators, and other persons subject to this chapter be actuated by good faith, abstain from deception, and practice honesty and equity in all matters related to their profession. The duty of preserving the integrity of the mortgage broker business rests upon the mortgage broker, designated broker, loan originator, and other persons subject to this chapter.

Sec. 21. RCW 19.146.005 and 2006 c 19 s 1 are each amended to read as follows:

The legislature finds and declares that the brokering of residential real estate loans substantially affects the public interest, requiring that all actions in mortgage brokering be actuated by good faith, and that mortgage brokers, designated brokers, loan originators, and other persons subject to this chapter abstain from deception, and practice honesty and equity in all matters relating to their profession. The practices of mortgage brokers and loan originators have had significant impact on the citizens of the state and the banking and real estate industries. It is the intent of the legislature to establish a state system of licensure in addition to rules of practice and conduct of mortgage brokers and loan originators to promote honesty and fair dealing with citizens and to preserve public confidence in the lending and real estate community.

Sec. 22. RCW 61.24.030 and 1998 c 295 s 4 are each amended to read as follows:

It shall be requisite to a trustee's sale:

- (1) That the deed of trust contains a power of sale;
- (2) That the deed of trust contains a statement that the real property conveyed is not used principally for agricultural purposes; provided, if the statement is false on the date the deed of trust was granted or amended to include that statement, and false on the date of the trustee's sale, then the deed of trust must be foreclosed judicially. Real property is used for agricultural purposes if it is used in an operation that produces crops, livestock, or aquatic goods;
- (3) That a default has occurred in the obligation secured or a covenant of the grantor, which by the terms of the deed of trust makes operative the power to sell;
- (4) That no action commenced by the beneficiary of the deed of trust is now pending to seek satisfaction of an obligation secured by the deed of trust in any court by reason of the grantor's default on the obligation secured: PROVIDED, That (a) the seeking of the appointment of a receiver shall not constitute an action for purposes of this chapter; and (b) if a receiver is appointed, the grantor shall be entitled to any rents or profits derived from property subject to a homestead as defined in RCW 6.13.010. If the deed of trust was granted to secure a commercial loan, this subsection shall not apply to actions brought to enforce any other lien or security interest granted to secure the obligation secured by the deed of trust being foreclosed;
- (5) That the deed of trust has been recorded in each county in which the land or some part thereof is situated;
- (6) That prior to the date of the notice of trustee's sale and continuing thereafter through the date of the trustee's sale, the trustee must have a street address in this state where personal service of process may be made; and
- (7) That at least thirty days before notice of sale shall be recorded, transmitted or served, written notice of default shall be transmitted by the beneficiary or trustee to the borrower and grantor at their last known addresses by both first class and either registered or certified mail, return receipt requested, and the beneficiary or trustee shall cause to be posted in a conspicuous place on the premises, a copy of the notice, or personally served on the borrower and grantor. This notice shall contain the following information:
 - (a) A description of the property which is then subject to the deed of trust;
 - (b) Each county in which the deed of trust is recorded and the document number given to the deed of trust upon recording by each county auditor or recording officer;
 - (c) That the beneficiary has declared the borrower or grantor to be in default, and a concise statement of the default alleged;
 - (d) An itemized account of the amount or amounts in arrears if the default alleged is failure to make payments;
 - (e) An itemized account of all other specific charges, costs, or fees that the borrower, grantor, or any guarantor is or may be obliged to pay to reinstate the deed of trust before the recording of the notice of sale;
 - (f) The total of (d) and (e) of this subsection, designated clearly and conspicuously as the amount necessary to reinstate the note and deed of trust before the recording of the notice of sale;

(g) That failure to cure the alleged default within thirty days of the date of mailing of the notice, or if personally served, within thirty days of the date of personal service thereof, may lead to recordation, transmittal, and publication of a notice of sale, and that the property described in (a) of this subsection may be sold at public auction at a date no less than one hundred twenty days in the future;

(h) That the effect of the recordation, transmittal, and publication of a notice of sale will be to (i) increase the costs and fees and (ii) publicize the default and advertise the grantor's property for sale;

(i) That the effect of the sale of the grantor's property by the trustee will be to deprive the grantor of all their interest in the property described in (a) of this subsection; ~~((and))~~

(j) That the borrower, grantor, and any guarantor has recourse to the courts pursuant to RCW 61.24.130 to contest the alleged default on any proper ground; and

(k) In the event the property secured by the deed of trust is owner-occupied residential property, a statement, prominently set out at the beginning of the notice, which shall state as follows:

"You should take care to protect your interest in your home. This notice of default (your failure to pay) is the first step in a process that could result in you losing your home. You should carefully review your options. For example:

Can you pay and stop the foreclosure process?

Do you dispute the failure to pay?

Can you sell your property to preserve your equity?

Are you able to refinance this loan with a new loan from another lender with payments, terms, and fees that are more affordable?

Do you qualify for any government or private homeowner assistance programs?

Do you know if filing for bankruptcy is an option? What are the pros and cons of doing so?

Do not ignore this notice: because if you do nothing, you could lose your home at a foreclosure sale. (No foreclosure sale can be held any sooner than ninety days after a notice of sale is issued and a notice of sale cannot be issued until thirty days after this notice.) Also, if you do nothing to pay what you owe, be careful of people who claim they can help you. There are many individuals and businesses that watch for the notices of sale in order to unfairly profit as a result of borrowers' distress.

You may feel you need help understanding what to do. There are a number of professional resources available, including home loan counselors and attorneys, who may assist you. Many legal services are lower-cost or even free, depending on your ability to pay. If you desire legal help in understanding your options or handling this default, you may obtain a referral (at no charge) by contacting the county bar association in the county where your home is located. These legal referral services also provide information about lower-cost or free legal services for those who qualify."

Sec. 23. RCW 9.94A.515 and 2007 c 368 s 14 and 2007 c 199 s 10 are each reenacted and amended to read as follows:

TABLE 2

CRIMES INCLUDED WITHIN EACH
SERIOUSNESS LEVEL

- XVI Aggravated Murder 1 (RCW 10.95.020)
- XV Homicide by abuse (RCW 9A.32.055)
 - Malicious explosion 1 (RCW 70.74.280(1))
 - Murder 1 (RCW 9A.32.030)
- XIV Murder 2 (RCW 9A.32.050)
 - Trafficking 1 (RCW 9A.40.100(1))
- XIII Malicious explosion 2 (RCW 70.74.280(2))
 - Malicious placement of an explosive 1 (RCW 70.74.270(1))
- XII Assault 1 (RCW 9A.36.011)
 - Assault of a Child 1 (RCW 9A.36.120)
 - Malicious placement of an imitation device 1 (RCW 70.74.272(1)(a))
 - Rape 1 (RCW 9A.44.040)
 - Rape of a Child 1 (RCW 9A.44.073)
 - Trafficking 2 (RCW 9A.40.100(2))
- XI Manslaughter 1 (RCW 9A.32.060)
 - Rape 2 (RCW 9A.44.050)
 - Rape of a Child 2 (RCW 9A.44.076)
- X Child Molestation 1 (RCW 9A.44.083)
 - Indecent Liberties (with forcible compulsion) (RCW 9A.44.100(1)(a))
 - Kidnapping 1 (RCW 9A.40.020)
 - Leading Organized Crime (RCW 9A.82.060(1)(a))
 - Malicious explosion 3 (RCW 70.74.280(3))
 - Sexually Violent Predator Escape (RCW 9A.76.115)
- IX Abandonment of Dependent Person 1 (RCW 9A.42.060)
 - Assault of a Child 2 (RCW 9A.36.130)
 - Criminal Mistreatment 1 (RCW 9A.42.020)

- Explosive devices prohibited (RCW 70.74.180)
- Hit and Run—Death (RCW 46.52.020(4)(a))
- Homicide by Watercraft, by being under the influence of intoxicating liquor or any drug (RCW 79A.60.050)
- Inciting Criminal Profiteering (RCW 9A.82.060(1)(b))
- Malicious placement of an explosive 2 (RCW 70.74.270(2))
- Robbery 1 (RCW 9A.56.200)
- Sexual Exploitation (RCW 9.68A.040)
- Vehicular Homicide, by being under the influence of intoxicating liquor or any drug (RCW 46.61.520)
- VIII Arson 1 (RCW 9A.48.020)
 - Homicide by Watercraft, by the operation of any vessel in a reckless manner (RCW 79A.60.050)
 - Manslaughter 2 (RCW 9A.32.070)
 - Promoting Commercial Sexual Abuse of a Minor (RCW 9.68A.101)
 - Promoting Prostitution 1 (RCW 9A.88.070)
 - Theft of Ammonia (RCW 69.55.010)
 - Vehicular Homicide, by the operation of any vehicle in a reckless manner (RCW 46.61.520)
- VII Burglary 1 (RCW 9A.52.020)
 - Child Molestation 2 (RCW 9A.44.086)
 - Civil Disorder Training (RCW 9A.48.120)
 - Dealing in depictions of minor engaged in sexually explicit conduct (RCW 9.68A.050)
 - Drive-by Shooting (RCW 9A.36.045)

- Homicide by Watercraft, by disregard for the safety of others (RCW 79A.60.050)
- Indecent Liberties (without forcible compulsion) (RCW 9A.44.100(1) (b) and (c))
- Introducing Contraband 1 (RCW 9A.76.140)
- Malicious placement of an explosive 3 (RCW 70.74.270(3))
- Negligently Causing Death By Use of a Signal Preemption Device (RCW 46.37.675)
- Sending, bringing into state depictions of minor engaged in sexually explicit conduct (RCW 9.68A.060)
- Unlawful Possession of a Firearm in the first degree (RCW 9.41.040(1))
- Use of a Machine Gun in Commission of a Felony (RCW 9.41.225)
- Vehicular Homicide, by disregard for the safety of others (RCW 46.61.520)
- VI Bail Jumping with Murder 1 (RCW 9A.76.170(3)(a))
- Bribery (RCW 9A.68.010)
- Incest 1 (RCW 9A.64.020(1))
- Intimidating a Judge (RCW 9A.72.160)
- Intimidating a Juror/Witness (RCW 9A.72.110, 9A.72.130)
- Malicious placement of an imitation device 2 (RCW 70.74.272(1)(b))
- Possession of Depictions of a Minor Engaged in Sexually Explicit Conduct (RCW 9.68A.070)
- Rape of a Child 3 (RCW 9A.44.079)
- Theft of a Firearm (RCW 9A.56.300)
- Unlawful Storage of Ammonia (RCW 69.55.020)

- V Abandonment of Dependent Person 2
(RCW 9A.42.070)
- Advancing money or property for
extortionate extension of credit
(RCW 9A.82.030)
- Bail Jumping with class A Felony
(RCW 9A.76.170(3)(b))
- Child Molestation 3 (RCW 9A.44.089)
- Criminal Mistreatment 2 (RCW
9A.42.030)
- Custodial Sexual Misconduct 1 (RCW
9A.44.160)
- Domestic Violence Court Order
Violation (RCW 10.99.040,
10.99.050, 26.09.300, 26.10.220,
26.26.138, 26.50.110, 26.52.070,
or 74.34.145)
- Driving While Under the Influence
(RCW 46.61.502(6))
- Extortion 1 (RCW 9A.56.120)
- Extortionate Extension of Credit (RCW
9A.82.020)
- Extortionate Means to Collect
Extensions of Credit (RCW
9A.82.040)
- Incest 2 (RCW 9A.64.020(2))
- Kidnapping 2 (RCW 9A.40.030)
- Perjury 1 (RCW 9A.72.020)
- Persistent prison misbehavior (RCW
9.94.070)
- Physical Control of a Vehicle While
Under the Influence (RCW
46.61.504(6))
- Possession of a Stolen Firearm (RCW
9A.56.310)
- Rape 3 (RCW 9A.44.060)
- Rendering Criminal Assistance 1 (RCW
9A.76.070)
- Sexual Misconduct with a Minor 1
(RCW 9A.44.093)

- Sexually Violating Human Remains
(RCW 9A.44.105)
- Stalking (RCW 9A.46.110)
- Taking Motor Vehicle Without
Permission 1 (RCW 9A.56.070)
- IV Arson 2 (RCW 9A.48.030)
- Assault 2 (RCW 9A.36.021)
- Assault 3 (of a Peace Officer with a
Projectile Stun Gun) (RCW
9A.36.031(1)(h))
- Assault by Watercraft (RCW
79A.60.060)
- Bribing a Witness/Bribe Received by
Witness (RCW 9A.72.090,
9A.72.100)
- Cheating 1 (RCW 9A.46.1961)
- Commercial Bribery (RCW 9A.68.060)
- Counterfeiting (RCW 9A.16.035(4))
- Endangerment with a Controlled
Substance (RCW 9A.42.100)
- Escape 1 (RCW 9A.76.110)
- Hit and Run—Injury (RCW
46.52.020(4)(b))
- Hit and Run with Vessel—Injury
Accident (RCW 79A.60.200(3))
- Identity Theft 1 (RCW 9A.35.020(2))
- Indecent Exposure to Person Under Age
Fourteen (subsequent sex offense)
(RCW 9A.88.010)
- Influencing Outcome of Sporting Event
(RCW 9A.82.070)
- Malicious Harassment (RCW
9A.36.080)
- Residential Burglary (RCW 9A.52.025)
- Robbery 2 (RCW 9A.56.210)
- Theft of Livestock 1 (RCW 9A.56.080)
- Threats to Bomb (RCW 9A.61.160)
- Trafficking in Stolen Property 1 (RCW
9A.82.050)

- Unlawful factoring of a credit card or payment card transaction (RCW 9A.56.290(4)(b))
- Unlawful transaction of health coverage as a health care service contractor (RCW 48.44.016(3))
- Unlawful transaction of health coverage as a health maintenance organization (RCW 48.46.033(3))
- Unlawful transaction of insurance business (RCW 48.15.023(3))
- Unlicensed practice as an insurance professional (RCW 48.17.063(3))
- Use of Proceeds of Criminal Profiteering (RCW 9A.82.080 (1) and (2))
- Vehicular Assault, by being under the influence of intoxicating liquor or any drug, or by the operation or driving of a vehicle in a reckless manner (RCW 46.61.522)
- Willful Failure to Return from Furlough (RCW 72.66.060)
- III Animal Cruelty 1 (Sexual Conduct or Contact) (RCW 16.52.205(3))
- Assault 3 (Except Assault 3 of a Peace Officer With a Projectile Stun Gun) (RCW 9A.36.031 except subsection (1)(h))
- Assault of a Child 3 (RCW 9A.36.140)
- Bail Jumping with class B or C Felony (RCW 9A.76.170(3)(c))
- Burglary 2 (RCW 9A.52.030)
- Commercial Sexual Abuse of a Minor (RCW 9.68A.100)
- Communication with a Minor for Immoral Purposes (RCW 9.68A.090)
- Criminal Gang Intimidation (RCW 9A.46.120)
- Custodial Assault (RCW 9A.36.100)

Cyberstalking (subsequent conviction or threat of death) (RCW 9.61.260(3))

Escape 2 (RCW 9A.76.120)

Extortion 2 (RCW 9A.56.130)

Harassment (RCW 9A.46.020)

Intimidating a Public Servant (RCW 9A.76.180)

Introducing Contraband 2 (RCW 9A.76.150)

Malicious Injury to Railroad Property (RCW 81.60.070)

Mortgage Fraud (section 9 of this act)

Negligently Causing Substantial Bodily Harm By Use of a Signal Preemption Device (RCW 46.37.674)

Organized Retail Theft 1 (RCW 9A.56.350(2))

Perjury 2 (RCW 9A.72.030)

Possession of Incendiary Device (RCW 9.40.120)

Possession of Machine Gun or Short-Barreled Shotgun or Rifle (RCW 9.41.190)

Promoting Prostitution 2 (RCW 9A.88.080)

Retail Theft with Extenuating Circumstances 1 (RCW 9A.56.360(2))

Securities Act violation (RCW 21.20.400)

Tampering with a Witness (RCW 9A.72.120)

Telephone Harassment (subsequent conviction or threat of death) (RCW 9.61.230(2))

Theft of Livestock 2 (RCW 9A.56.083)

Theft with the Intent to Resell 1 (RCW 9A.56.340(2))

- Trafficking in Stolen Property 2 (RCW 9A.82.055)
- Unlawful Imprisonment (RCW 9A.40.040)
- Unlawful possession of firearm in the second degree (RCW 9A.41.040(2))
- Vehicular Assault, by the operation or driving of a vehicle with disregard for the safety of others (RCW 46.61.522)
- Willful Failure to Return from Work Release (RCW 72.65.070)
- II Computer Trespass 1 (RCW 9A.52.110)
- Counterfeiting (RCW 9.16.035(3))
- Escape from Community Custody (RCW 72.09.310)
- Failure to Register as a Sex Offender (second or subsequent offense) (RCW 9A.44.130(~~((10))~~)(11)(a))
- Health Care False Claims (RCW 48.80.030)
- Identity Theft 2 (RCW 9.35.020(3))
- Improperly Obtaining Financial Information (RCW 9.35.010)
- Malicious Mischief 1 (RCW 9A.48.070)
- Organized Retail Theft 2 (RCW 9A.56.350(3))
- Possession of Stolen Property 1 (RCW 9A.56.150)
- Possession of a Stolen Vehicle (RCW 9A.56.068)
- Retail Theft with Extenuating Circumstances 2 (RCW 9A.56.360(3))
- Theft 1 (RCW 9A.56.030)
- Theft of a Motor Vehicle (RCW 9A.56.065)

- Theft of Rental, Leased, or Lease-purchased Property (valued at one thousand five hundred dollars or more) (RCW 9A.56.096(5)(a))
- Theft with the Intent to Resell 2 (RCW 9A.56.340(3))
- Trafficking in Insurance Claims (RCW 48.30A.015)
- Unlawful factoring of a credit card or payment card transaction (RCW 9A.56.290(4)(a))
- Unlawful Practice of Law (RCW 2.48.180)
- Unlicensed Practice of a Profession or Business (RCW 18.130.190(7))
- Voyeurism (RCW 9A.44.115)
- I Attempting to Elude a Pursuing Police Vehicle (RCW 46.61.024)
- False Verification for Welfare (RCW 74.08.055)
- Forgery (RCW 9A.60.020)
- Fraudulent Creation or Revocation of a Mental Health Advance Directive (RCW 9A.60.060)
- Malicious Mischief 2 (RCW 9A.48.080)
- Mineral Trespass (RCW 78.44.330)
- Possession of Stolen Property 2 (RCW 9A.56.160)
- Reckless Burning 1 (RCW 9A.48.040)
- Taking Motor Vehicle Without Permission 2 (RCW 9A.56.075)
- Theft 2 (RCW 9A.56.040)
- Theft of Rental, Leased, or Lease-purchased Property (valued at two hundred fifty dollars or more but less than one thousand five hundred dollars) (RCW 9A.56.096(5)(b))
- Transaction of insurance business beyond the scope of licensure (RCW 48.17.063(4))

Unlawful Issuance of Checks or Drafts
(RCW 9A.56.060)

Unlawful Possession of Fictitious
Identification (RCW 9A.56.320)

Unlawful Possession of Instruments of
Financial Fraud (RCW 9A.56.320)

Unlawful Possession of Payment
Instruments (RCW 9A.56.320)

Unlawful Possession of a Personal
Identification Device (RCW
9A.56.320)

Unlawful Production of Payment
Instruments (RCW 9A.56.320)

Unlawful Trafficking in Food Stamps
(RCW 9.91.142)

Unlawful Use of Food Stamps (RCW
9.91.144)

Vehicle Prowl 1 (RCW 9A.52.095)

Sec. 24. RCW 9A.82.010 and 2006 c 277 s 5 and 2006 c 193 s 2 are each reenacted and amended to read as follows:

Unless the context requires the contrary, the definitions in this section apply throughout this chapter.

(1)(a) "Beneficial interest" means:

(i) The interest of a person as a beneficiary under a trust established under Title 11 RCW in which the trustee for the trust holds legal or record title to real property;

(ii) The interest of a person as a beneficiary under any other trust arrangement under which a trustee holds legal or record title to real property for the benefit of the beneficiary; or

(iii) The interest of a person under any other form of express fiduciary arrangement under which one person holds legal or record title to real property for the benefit of the other person.

(b) "Beneficial interest" does not include the interest of a stockholder in a corporation or the interest of a partner in a general partnership or limited partnership.

(c) A beneficial interest is considered to be located where the real property owned by the trustee is located.

(2) "Control" means the possession of a sufficient interest to permit substantial direction over the affairs of an enterprise.

(3) "Creditor" means a person making an extension of credit or a person claiming by, under, or through a person making an extension of credit.

(4) "Criminal profiteering" means any act, including any anticipatory or completed offense, committed for financial gain, that is chargeable or indictable under the laws of the state in which the act occurred and, if the act occurred in a state other than this state, would be chargeable or indictable under the laws of

this state had the act occurred in this state and punishable as a felony and by imprisonment for more than one year, regardless of whether the act is charged or indicted, as any of the following:

- (a) Murder, as defined in RCW 9A.32.030 and 9A.32.050;
- (b) Robbery, as defined in RCW 9A.56.200 and 9A.56.210;
- (c) Kidnapping, as defined in RCW 9A.40.020 and 9A.40.030;
- (d) Forgery, as defined in RCW 9A.60.020 and 9A.60.030;
- (e) Theft, as defined in RCW 9A.56.030, 9A.56.040, 9A.56.060, 9A.56.080, and 9A.56.083;
- (f) Unlawful sale of subscription television services, as defined in RCW 9A.56.230;
- (g) Theft of telecommunication services or unlawful manufacture of a telecommunication device, as defined in RCW 9A.56.262 and 9A.56.264;
- (h) Child selling or child buying, as defined in RCW 9A.64.030;
- (i) Bribery, as defined in RCW 9A.68.010, 9A.68.020, 9A.68.040, and 9A.68.050;
- (j) Gambling, as defined in RCW 9.46.220 and 9.46.215 and 9.46.217;
- (k) Extortion, as defined in RCW 9A.56.120 and 9A.56.130;
- (l) Unlawful production of payment instruments, unlawful possession of payment instruments, unlawful possession of a personal identification device, unlawful possession of fictitious identification, or unlawful possession of instruments of financial fraud, as defined in RCW 9A.56.320;
- (m) Extortionate extension of credit, as defined in RCW 9A.82.020;
- (n) Advancing money for use in an extortionate extension of credit, as defined in RCW 9A.82.030;
- (o) Collection of an extortionate extension of credit, as defined in RCW 9A.82.040;
- (p) Collection of an unlawful debt, as defined in RCW 9A.82.045;
- (q) Delivery or manufacture of controlled substances or possession with intent to deliver or manufacture controlled substances under chapter 69.50 RCW;
- (r) Trafficking in stolen property, as defined in RCW 9A.82.050;
- (s) Leading organized crime, as defined in RCW 9A.82.060;
- (t) Money laundering, as defined in RCW 9A.83.020;
- (u) Obstructing criminal investigations or prosecutions in violation of RCW 9A.72.090, 9A.72.100, 9A.72.110, 9A.72.120, 9A.72.130, 9A.76.070, or 9A.76.180;
- (v) Fraud in the purchase or sale of securities, as defined in RCW 21.20.010;
- (w) Promoting pornography, as defined in RCW 9.68.140;
- (x) Sexual exploitation of children, as defined in RCW 9.68A.040, 9.68A.050, and 9.68A.060;
- (y) Promoting prostitution, as defined in RCW 9A.88.070 and 9A.88.080;
- (z) Arson, as defined in RCW 9A.48.020 and 9A.48.030;
- (aa) Assault, as defined in RCW 9A.36.011 and 9A.36.021;
- (bb) Assault of a child, as defined in RCW 9A.36.120 and 9A.36.130;
- (cc) A pattern of equity skimming, as defined in RCW 61.34.020;
- (dd) Commercial telephone solicitation in violation of RCW 19.158.040(1);
- (ee) Trafficking in insurance claims, as defined in RCW 48.30A.015;

- (ff) Unlawful practice of law, as defined in RCW 2.48.180;
 - (gg) Commercial bribery, as defined in RCW 9A.68.060;
 - (hh) Health care false claims, as defined in RCW 48.80.030;
 - (ii) Unlicensed practice of a profession or business, as defined in RCW 18.130.190(7);
 - (jj) Improperly obtaining financial information, as defined in RCW 9.35.010;
 - (kk) Identity theft, as defined in RCW 9.35.020;
 - (ll) Unlawful shipment of cigarettes in violation of RCW 70.155.105(6) (a) or (b);
 - (mm) Unlawful shipment of cigarettes in violation of RCW 82.24.110(2);
 - (nn) Unauthorized sale or procurement of telephone records in violation of RCW 9.26A.140;
 - (oo) Theft with the intent to resell, as defined in RCW 9A.56.340; (~~or~~)
 - (pp) Organized retail theft, as defined in RCW 9A.56.350; or
 - (qq) Mortgage fraud, as defined in section 9 of this act.
- (5) "Dealer in property" means a person who buys and sells property as a business.
- (6) "Debtor" means a person to whom an extension of credit is made or a person who guarantees the repayment of an extension of credit or in any manner undertakes to indemnify the creditor against loss resulting from the failure of a person to whom an extension is made to repay the same.
- (7) "Documentary material" means any book, paper, document, writing, drawing, graph, chart, photograph, phonograph record, magnetic tape, computer printout, other data compilation from which information can be obtained or from which information can be translated into usable form, or other tangible item.
- (8) "Enterprise" includes any individual, sole proprietorship, partnership, corporation, business trust, or other profit or nonprofit legal entity, and includes any union, association, or group of individuals associated in fact although not a legal entity, and both illicit and licit enterprises and governmental and nongovernmental entities.
- (9) "Extortionate extension of credit" means an extension of credit with respect to which it is the understanding of the creditor and the debtor at the time the extension is made that delay in making repayment or failure to make repayment could result in the use of violence or other criminal means to cause harm to the person, reputation, or property of any person.
- (10) "Extortionate means" means the use, or an express or implicit threat of use, of violence or other criminal means to cause harm to the person, reputation, or property of any person.
- (11) "Financial institution" means any bank, trust company, savings and loan association, savings bank, mutual savings bank, credit union, or loan company under the jurisdiction of the state or an agency of the United States.
- (12) "Pattern of criminal profiteering activity" means engaging in at least three acts of criminal profiteering, one of which occurred after July 1, 1985, and the last of which occurred within five years, excluding any period of imprisonment, after the commission of the earliest act of criminal profiteering. In order to constitute a pattern, the three acts must have the same or similar intent, results, accomplices, principals, victims, or methods of commission, or be otherwise interrelated by distinguishing characteristics including a nexus to the

same enterprise, and must not be isolated events. However, in any civil proceedings brought pursuant to RCW 9A.82.100 by any person other than the attorney general or county prosecuting attorney in which one or more acts of fraud in the purchase or sale of securities are asserted as acts of criminal profiteering activity, it is a condition to civil liability under RCW 9A.82.100 that the defendant has been convicted in a criminal proceeding of fraud in the purchase or sale of securities under RCW 21.20.400 or under the laws of another state or of the United States requiring the same elements of proof, but such conviction need not relate to any act or acts asserted as acts of criminal profiteering activity in such civil action under RCW 9A.82.100.

(13) "Real property" means any real property or interest in real property, including but not limited to a land sale contract, lease, or mortgage of real property.

(14) "Records" means any book, paper, writing, record, computer program, or other material.

(15) "Repayment of an extension of credit" means the repayment, satisfaction, or discharge in whole or in part of a debt or claim, acknowledged or disputed, valid or invalid, resulting from or in connection with that extension of credit.

(16) "Stolen property" means property that has been obtained by theft, robbery, or extortion.

(17) "To collect an extension of credit" means to induce in any way a person to make repayment thereof.

(18) "To extend credit" means to make or renew a loan or to enter into an agreement, tacit or express, whereby the repayment or satisfaction of a debt or claim, whether acknowledged or disputed, valid or invalid, and however arising, may or shall be deferred.

(19) "Traffic" means to sell, transfer, distribute, dispense, or otherwise dispose of stolen property to another person, or to buy, receive, possess, or obtain control of stolen property, with intent to sell, transfer, distribute, dispense, or otherwise dispose of the property to another person.

(20)(a) "Trustee" means:

(i) A person acting as a trustee under a trust established under Title 11 RCW in which the trustee holds legal or record title to real property;

(ii) A person who holds legal or record title to real property in which another person has a beneficial interest; or

(iii) A successor trustee to a person who is a trustee under (a)(i) or (ii) of this subsection.

(b) "Trustee" does not mean a person appointed or acting as:

(i) A personal representative under Title 11 RCW;

(ii) A trustee of any testamentary trust;

(iii) A trustee of any indenture of trust under which a bond is issued; or

(iv) A trustee under a deed of trust.

(21) "Unlawful debt" means any money or other thing of value constituting principal or interest of a debt that is legally unenforceable in the state in full or in part because the debt was incurred or contracted:

(a) In violation of any one of the following:

(i) Chapter 67.16 RCW relating to horse racing;

(ii) Chapter 9.46 RCW relating to gambling;

- (b) In a gambling activity in violation of federal law; or
- (c) In connection with the business of lending money or a thing of value at a rate that is at least twice the permitted rate under the applicable state or federal law relating to usury.

NEW SECTION. Sec. 25. Sections 1 through 13 of this act constitute a new chapter in Title 19 RCW.

Passed by the House February 6, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 21, 2008.

Filed in Office of Secretary of State March 24, 2008.

CHAPTER 109

[Senate Bill 6381]

MORTGAGE BROKERS—FIDUCIARY DUTIES

AN ACT Relating to fiduciary duties of mortgage brokers; and adding a new section to chapter 19.146 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 19.146 RCW to read as follows:

(1) A mortgage broker has a fiduciary relationship with the borrower. For the purposes of this section, the fiduciary duty means that the mortgage broker has the following duties:

(a) A mortgage broker must act in the borrower's best interest and in the utmost good faith toward the borrower, and shall disclose any and all interests to the borrower including, but not limited to, interests that may lie with the lender that are used to facilitate a borrower's request. A mortgage broker shall not accept, provide, or charge any undisclosed compensation or realize any undisclosed remuneration that inures to the benefit of the mortgage broker on an expenditure made for the borrower;

(b) A mortgage broker must carry out all lawful instructions provided by the borrower;

(c) A mortgage broker must disclose to the borrower all material facts of which the mortgage broker has knowledge that might reasonably affect the borrower's rights, interests, or ability to receive the borrower's intended benefit from the residential mortgage loan;

(d) A mortgage broker must use reasonable care in performing duties; and

(e) A mortgage broker must provide an accounting to the borrower for all money and property received from the borrower.

(2) A mortgage broker may contract for or collect a fee for services rendered if the fee is disclosed to the borrower in advance of the provision of those services.

(3) The fiduciary duty in this section does not require a mortgage broker to offer or obtain access to loan products and services other than those that are available to the mortgage broker at the time of the transaction.

(4) The director must adopt rules to implement this section.

Passed by the Senate March 10, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 21, 2008.
Filed in Office of Secretary of State March 24, 2008.

CHAPTER 110

[Substitute Senate Bill 6847]

REAL ESTATE SETTLEMENT SERVICES

AN ACT Relating to real estate settlement services; amending RCW 48.29.010 and 48.29.140; adding new sections to chapter 48.29 RCW; adding a new section to chapter 18.85 RCW; adding a new section to chapter 18.44 RCW; and adding a new section to chapter 19.146 RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 48.29.010 and 2005 c 223 s 14 are each amended to read as follows:

(1) This chapter relates only to title insurers for real property.

(2) This code does not apply to persons engaged in the business of preparing and issuing abstracts of title to property and certifying to their correctness so long as the persons do not guarantee or insure the titles.

(3) For purposes of this chapter, unless the context clearly requires otherwise:

(a) "Title policy" means any written instrument, contract, or guarantee by means of which title insurance liability is assumed.

(b) "Abstract of title" means a written representation, provided under contract, whether written or oral, intended to be relied upon by the person who has contracted for the receipt of this representation, listing all recorded conveyances, instruments, or documents that, under the laws of the state of Washington, impart constructive notice with respect to the chain of title to the real property described. An abstract of title is not a title policy as defined in this subsection.

(c) "Preliminary report," "commitment," or "binder" means reports furnished in connection with an application for title insurance and are offers to issue a title policy subject to the stated exceptions in the reports, the conditions and stipulations of the report and the issued policy, and other matters as may be incorporated by reference. The reports are not abstracts of title, nor are any of the rights, duties, or responsibilities applicable to the preparation and issuance of an abstract of title applicable to the issuance of any report. The report is not a representation as to the condition of the title to real property, but is a statement of terms and conditions upon which the issuer is willing to issue its title policy, if the offer is accepted.

(d) "Financial interest" means any interest, legal or beneficial, that entitles the holder directly or indirectly to any of the net profits or net worth of the entity in which the interest is held.

(e) "Producers of title insurance business" means real estate agents and brokers, lawyers, mortgagees, mortgage loan brokers, financial institutions, escrow agents, persons who lend money for the purchase of real estate or interests therein, building contractors, real estate developers and subdividers, and any other person who is or may be in a position to influence the selection of a title insurer or title insurance agent whether or not the consent or approval of any other person is sought or obtained with respect to the selection of the title insurer or title insurance agent.

(f) "Associates of producers" means any person who has one or more of the following relationships with a producer of title insurance business:

(i) A spouse, parent, or child of a producer;

(ii) A corporation or business entity that controls, is controlled by, or is under common control with a producer;

(iii) An employer, employee, independent contractor, officer, director, partner, franchiser, or franchisee of a producer; or

(iv) Anyone who has an agreement, arrangement, or understanding with a producer, the purpose or substantial effect of which is to enable the person in a position to influence the selection of a title insurer or title insurance agent to benefit financially from the selection of the title insurer or title insurance agent.

NEW SECTION. Sec. 2. A new section is added to chapter 48.29 RCW to read as follows:

(1) A title insurance agent shall maintain records of its title orders sufficient to indicate the source of the title orders.

(2) Every title insurance agent shall file with the commissioner annually by March 15th of each year for the previous calendar year, unless the commissioner for good cause shown extends the time for filing, a report, on a form prescribed by the commissioner, setting forth:

(a) The names and addresses of those persons, if any, who have had a financial interest in the title insurance agent during the calendar year, who are known or reasonably believed by the title insurance agent to be producers of title business or associates of producers; and

(b) The percent of title orders originating from each person who owns, or had owned during the preceding calendar year, a financial interest in the title insurance agent.

(3) Each title insurance agent shall keep current the information required by that portion of the report required by subsection (2)(a) of this section by reporting all changes or additions within fifteen days after the end of the month in which it learns of each change or addition.

(4) Each title insurance agent shall file that portion of the report required by subsection (2)(a) of this section with its application for a license.

(5) Each title insurance agent licensed on the effective date of this section shall file the report required under this section within thirty days after the effective date of this section.

NEW SECTION. Sec. 3. A new section is added to chapter 48.29 RCW to read as follows:

(1) A title insurer, title insurance agent, or employee, agent, or other representative of a title insurer or title insurance agent shall not, directly or indirectly, give any fee, kickback, or other thing of value to any person as an inducement, payment, or reward for placing business, referring business, or causing title insurance business to be given to either the title insurer, or title insurance agent, or both.

(2) A title insurer, title insurance agent, or employee, agent, or other representative of a title insurer or title insurance agent shall not, directly or indirectly, give anything of value to any person in a position to refer or influence the referral of title insurance business to either the title insurance company or

title insurance agent, or both, except as permitted under rules adopted by the commissioner.

NEW SECTION. Sec. 4. A new section is added to chapter 48.29 RCW to read as follows:

(1) Premium rates for the insuring or guaranteeing of titles shall not be excessive, inadequate, or unfairly discriminatory.

(2) A rate is not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer. Such costs include claims, claim settlement expenses, operational and administrative expenses, and the cost of capital.

NEW SECTION. Sec. 5. A new section is added to chapter 48.29 RCW to read as follows:

(1) Every title insurer shall, before using, file with the commissioner every manual of title insurance rules and rates, rating plan, rate schedule, minimum rate, class rate, and rating rule, and every modification of any of the filings under this subsection which it proposes.

(2) Every filing shall be accompanied by sufficient information to permit the commissioner to determine whether the filing meets the requirements of section 4 of this act.

(3) Data used to justify title insurance rates may not include escrow income or expenses. The title insurance company shall include a detailed explanation showing how expenses are allocated between the title operations and escrow operations of the insurer or title insurance agent.

(4) Every such filing shall state its proposed effective date.

(5) The commissioner shall review a filing as soon as reasonably possible after it is received, to determine whether it meets the requirements of section 4 of this act.

(6) The filing's proposed effective date shall be no earlier than thirty days after the date on which the filing is received by the commissioner. By giving notice to the insurer within this thirty days, the commissioner may extend this waiting period for an additional period not to exceed an additional fifteen days. The commissioner may, upon application and for cause shown, waive part or all of the waiting period with respect to a filing the commissioner has not disapproved. If the commissioner does not disapprove the filing during the waiting period, the filing takes effect on its proposed effective date.

(7) If within the waiting period or any extension thereof as provided in subsection (6) of this section, the commissioner finds that a filing does not meet the requirements of section 4 of this act or the requirements of subsections (2) through (4) of this section, the commissioner shall disapprove the filing and shall give notice to the insurer that the filing has been disapproved. This notice shall specify the respect in which the commissioner finds the filing fails to meet the requirements and shall state that the filing does not become effective as proposed.

(8) If a filing is not disapproved by the commissioner within the waiting period or any extension thereof, the filing becomes effective as proposed.

(9) A filing made under this section is exempt from RCW 48.02.120(3). However, the filing and all supporting information accompanying it is open to public inspection only after the filing becomes effective.

(10) A title insurer or title insurance agent shall not make or issue a title insurance contract or policy, or use or collect any premium on or after a date set by the commissioner by rule, which date shall not be any earlier than January 1, 2010, except in accordance with rates and rules filed with the commissioner as required by this section.

(11) If at any time subsequent to the applicable review period provided for in subsection (6) of this section, the commissioner has reason to believe that a title insurer's rates do not meet the requirements of section 4 of this act or are otherwise contrary to law, or if any person having an interest in the rates makes a written complaint to the commissioner setting forth specific and reasonable grounds for the complaint and requests a hearing, or if any insurer upon notice of the commissioner's disapproval of a filing made under this section requests a hearing, the commissioner shall hold a hearing within thirty days and shall, in advance of it, give written notice of the hearing to all parties in interest. The commissioner may, by issuing an order, confirm, modify, change, or rescind any previous action, if it is warranted by the facts shown at the hearing. The order shall not affect any contract or policy made or issued prior to a reasonable period of time, to be specified in the order, after the order is issued.

(12) In any hearing regarding rates filed under this chapter the burden shall be upon the title insurer to prove by a preponderance of the evidence that the rates comply with section 4 of this act.

NEW SECTION. Sec. 6. A new section is added to chapter 48.29 RCW to read as follows:

(1) Each title insurer and title insurance agent shall immediately file with the commissioner a schedule of its fees for providing escrow services.

(2) The schedule shall:

(a) Be dated to show the date the fees for providing escrow services are to become effective, which date shall be no earlier than fifteen days after the schedule has been filed with the commissioner; and

(b) Set forth the total fees for providing escrow services by clearly stating the amounts to be charged for the escrow services, the manner in which the fees for the escrow services are to be determined, and any charges that will be charged to the consumer that are not included in the total escrow fee.

NEW SECTION. Sec. 7. A new section is added to chapter 48.29 RCW to read as follows:

(1) Each title insurer and title insurance agent shall make available to the public schedules of its currently effective title insurance premiums and fees for providing escrow services.

(2) The schedules shall:

(a) Be dated to show the date the title insurance premiums or fees for providing escrow services became effective;

(b) Be made available to the public during normal business hours in each office of the title insurer and its appointed title insurance agents in this state;

(c) Be made available on the title insurer's and title insurance agent's web site, if the title insurer or title insurance agent has a web site;

(d) Set forth the total title insurance premium charged for the title insurance policy issued by the title insurer either by stating the premium for each title

insurance policy in given amounts of coverage, or by stating the charge per unit amount of coverage, or by a combination of the two; and

(e) Set forth the total fees for providing escrow services by clearly stating the amounts to be charged for the escrow services, the manner in which the fees for the escrow services are to be determined, and any charges that will be charged to the consumer that are not included in the total escrow fee.

(3) Each title insurer and title insurance agent shall keep a complete file of its schedules of title insurance premiums and fees for providing escrow services and all changes and amendments to those schedules until at least one year after they have ceased to be in effect.

Sec. 8. RCW 48.29.140 and 1947 c 79 s .29.14 are each amended to read as follows:

(1) Premium rates for the insuring or guaranteeing of titles shall not be excessive, inadequate, or unfairly discriminatory.

(2) Each title insurer shall forthwith file with the commissioner a schedule showing the premium rates to be charged by it. Every addition to or modification of such schedule or of any rate therein contained shall likewise be filed with the commissioner, and no such addition or modification shall be effective until expiration of fifteen days after date of such filing.

(3) The commissioner may order the modification of any premium rate or schedule of premium rates found by him or her after a hearing to be excessive, or inadequate, or unfairly discriminatory. No such order shall require retroactive modification.

(4) The commissioner shall by rule set a date, which shall not be earlier than January 1, 2010, by which title insurers must file every manual of rules and rates, rating plan, rate schedule, minimum rate, class rate, and rating rule, and every modification of any of these filings, under sections 4 and 5 of this act, rather than under this section.

NEW SECTION. Sec. 9. A new section is added to chapter 48.29 RCW to read as follows:

The commissioner may adopt rules to implement and administer this chapter, including but not limited to:

(1) Establishing the information to be included in the report required under section 2 of this act;

(2) Establishing the information required for the filing of rates for title insurance under section 5 of this act;

(3) Establishing standards which title insurance rate filings must satisfy under section 5 of this act;

(4) Establishing a date, which date shall not be earlier than January 1, 2010, by which all title insurers selling policies in this state must file their rates with the commissioner under sections 4 and 5 of this act rather than under RCW 48.29.140 and refile any rates that were in effect prior to the date established by the commissioner; and

(5) Defining what things of value a title insurance insurer or title insurance agent is permitted to give to any person in a position to refer or influence the referral of title insurance business under section 3(2) of this act. In adopting rules under this subsection, the commissioner shall work with representatives of

the title insurance and real estate industries and consumer groups in developing the rules.

NEW SECTION. Sec. 10. A new section is added to chapter 18.85 RCW to read as follows:

(1) A real estate licensee or person who has a controlling interest in a real estate business shall not, directly or indirectly, give any fee, kickback, payment, or other thing of value to any other real estate licensee as an inducement, reward for placing title insurance business, referring title insurance business, or causing title insurance business to be given to a title insurance agent in which the real estate licensee or person having a controlling interest in a real estate business also has a financial interest.

(2) A real estate licensee or person who has a controlling interest in a real estate business shall not either solicit or accept, or both, anything of value from: A title insurance company, a title insurance agent, or the employees or representatives of a title insurance company or title insurance agent, that a title insurance company or title insurance agent is not permitted by law or rule to give to the real estate licensee or person who has a controlling interest in a real estate business.

(3) A real estate licensee or person who has a controlling interest in a real estate business shall not prevent or deter a title insurance company, title insurance agent, or their employees or representatives from delivering to a real estate licensee or its employees, independent contractors, and clients printed promotional material concerning only title insurance services as long as:

(a) The material is business appropriate and is not misleading or false;

(b) The material does not malign the real estate licensee, its employees, independent contractors, or affiliates;

(c) The delivery of the materials is limited to those areas of the real estate licensee's physical office reserved for unrestricted public access; and

(d) The conduct of the employees or representatives is appropriate for a business setting and does not threaten the safety or health of anyone in the real estate licensee's office.

(4) A real estate licensee shall not require a consumer, as a condition of providing real estate services, to obtain title insurance from a title insurance agent in which the real estate licensee has a financial interest.

NEW SECTION. Sec. 11. A new section is added to chapter 18.44 RCW to read as follows:

(1) An escrow agent, officer or employee of any escrow agent, or person who has a financial interest in an escrow agent shall not, directly or indirectly, give any fee, kickback, payment, or other thing of value to any person as an inducement, reward for placing business, referring business, or causing title insurance business to be given to a title insurance agent in which the escrow agent or person having a financial interest in the escrow agent also has a financial interest.

(2) An escrow agent or person who has a financial interest in an escrow agent shall not either solicit or accept, or both, anything of value from: A title insurance company, a title insurance agent, or the employees or representatives of a title insurance company or title insurance agent, that a title insurance

company or title insurance agent is not permitted by law or rule to give to the escrow agent or person who has a financial interest in the escrow agent.

(3) An escrow agent or person who has a financial interest in an escrow agent shall not prevent or deter a title insurance company, title insurance agent, or their employees or representatives from delivering to an escrow agent or its employees, independent contractors, and clients printed promotional material concerning only title insurance services as long as:

(a) The material is business appropriate and is not misleading or false;

(b) The material does not malign the escrow agent, its employees, independent contractors, or affiliates;

(c) The delivery of the materials is limited to those areas of the escrow agent's physical office reserved for unrestricted public access; and

(d) The conduct of the employees or representatives are appropriate for a business setting and do not threaten the safety or health of anyone in the escrow agent's office.

(4) An escrow agent shall not require a consumer, as a condition of providing real estate settlement services, to obtain title insurance from a title insurance agent in which the escrow agent has a financial interest.

NEW SECTION. Sec. 12. A new section is added to chapter 19.146 RCW to read as follows:

(1) A mortgage broker, loan originator, officer or employee of any mortgage broker, or person who has a financial interest in a mortgage broker shall not, directly or indirectly, give any fee, kickback, payment, or other thing of value to any person as an inducement, reward for placing business, referring business, or causing title insurance business to be given to a title insurance agent in which the mortgage broker, loan originator, or person having a financial interest in the mortgage broker also has a financial interest.

(2) A mortgage broker, loan originator, or person who has a financial interest in a mortgage broker shall not either solicit or accept, or both, anything of value from: A title insurance company, a title insurance agent, or the employees or representatives of a title insurance company or title insurance agent, that a title insurance company or title insurance agent is not permitted by law or rule to give to the mortgage broker, loan originator, or person who has a financial interest in the mortgage broker.

(3) A mortgage broker, loan originator, or person who has a financial interest in a mortgage broker shall not prevent or deter a title insurance company, title insurance agent, or their employees or representatives from delivering to a mortgage broker or loan originator or its employees, independent contractors, and clients printed promotional material concerning only title insurance services as long as:

(a) The material is business appropriate and is not misleading or false;

(b) The material does not malign the mortgage broker or loan originator, its employees, independent contractors, or affiliates;

(c) The delivery of the materials is limited to those areas of the mortgage broker or loan originator's physical office reserved for unrestricted public access; and

(d) The conduct of the employees or representatives is appropriate for a business setting and does not threaten the safety or health of anyone in the mortgage broker's or loan originator's office.

(4) A mortgage broker or loan originator shall not require a consumer, as a condition of providing loans or real estate settlement services, to obtain title insurance from a title insurance agent in which the mortgage broker or loan originator has a financial interest.

NEW SECTION. Sec. 13. A new section is added to chapter 48.29 RCW to read as follows:

(1) Section 3, 10, 11, or 12 of this act does not make unlawful the payment by a title insurer or title insurance agent and the receipt by a producer of title insurance business of a return on ownership interest in the title insurer or title insurance agent.

(2) A return on ownership interest may include:

(a) Bona fide dividends, and capital or equity distributions, related to ownership interest or franchise relationship, between entities in an affiliated relationship; and

(b) Bona fide business loans, advances, and capital or equity contributions between entities in an affiliate relationship (in any direction), so long as they are for ordinary business purposes and are not fees for the referral of settlement service business or unearned fees.

(3) A return on ownership interest does not include:

(a) Any payment which has a basis of calculation of no apparent business motive other than distinguishing among recipients of payments on the basis of the amount of their actual, estimated, or anticipated referrals;

(b) Any payment which varies according to the relative amount of referrals by the different recipients of similar payments; or

(c) A payment based on an ownership, partnership, or joint venture share which has been adjusted on the basis of previous relative referrals by recipients of similar payments.

NEW SECTION. Sec. 14. 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.

Passed by the Senate February 19, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 21, 2008.

Filed in Office of Secretary of State March 24, 2008.

CHAPTER 111

[Senate Bill 6332]

HOUSING FINANCE COMMISSION

AN ACT Relating to increasing the debt limit of the housing finance commission; and amending RCW 43.180.160.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 43.180.160 and 2006 c 262 s 1 are each amended to read as follows:

The total amount of outstanding indebtedness of the commission may not exceed ~~((four and one-half))~~ five billion dollars at any time. The calculation of outstanding indebtedness shall include the initial principal amount of an issue and shall not include interest that is either currently payable or that accrues as a

part of the face amount of an issue payable at maturity or earlier redemption. Outstanding indebtedness shall not include notes or bonds as to which the obligation of the commission has been satisfied and discharged by refunding or for which payment has been provided by reserves or otherwise.

Passed by the Senate March 12, 2008.

Passed by the House March 12, 2008.

Approved by the Governor March 21, 2008.

Filed in Office of Secretary of State March 24, 2008.

CHAPTER 112

[Engrossed House Bill 3142]

AFFORDABLE HOUSING LOAN PROGRAMS

AN ACT Relating to affordable housing loan programs; amending RCW 43.185A.110; and adding a new section to chapter 43.185A RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 43.185A.110 and 2007 c 428 s 2 are each amended to read as follows:

(1) The affordable housing land acquisition revolving loan fund program is created in the department to assist eligible organizations, described under RCW 43.185A.040, to purchase land for affordable housing development. The department shall contract with the Washington state housing finance commission to administer the affordable housing land acquisition revolving loan fund program. Within this program, the Washington state housing finance commission shall establish and administer the Washington state housing finance commission land acquisition revolving loan fund.

(2) As used in this chapter, "market rate" means the current average market interest rate that is determined at the time any individual loan is closed upon using a widely recognized current market interest rate measurement to be selected for use by the Washington state housing finance commission with the department's approval. This interest rate must be noted in an attachment to the closing documents for each loan.

(3) Under the affordable housing land acquisition revolving loan fund program:

(a) Loans may be made to purchase land on which to develop affordable housing. In addition to affordable housing, facilities intended to provide supportive services to affordable housing residents and low-income households in the nearby community may be developed on the land.

(b) Eligible organizations applying for a loan must include in the loan application a proposed affordable housing development plan indicating the number of affordable housing units planned, a description of any other facilities being considered for the property, and an estimated timeline for completion of the development. The Washington state housing finance commission may require additional information from loan applicants and may consider the efficient use of land, project readiness, organizational capacity, and other factors as criteria in awarding loans.

(c) Forty percent of the loans shall go to eligible applicants operating homeownership programs for low-income households in which the households

participate in the construction of their homes. Sixty percent of loans shall go to other eligible organizations. If the entire forty percent for applicants operating self-help homeownership programs cannot be lent to these types of applicants, the remainder shall be lent to other eligible organizations.

(d) Within five years of receiving a loan, a loan recipient must present the Washington state housing finance commission with an updated development plan, including a proposed development design, committed and anticipated additional financial resources to be dedicated to the development, and an estimated development schedule, which indicates completion of the development within eight years of loan receipt. This updated development plan must be substantially consistent with the development plan submitted as part of the original loan application as required in (b) of this subsection.

(e) Within eight years of receiving a loan, a loan recipient must develop affordable housing on the property for which the loan was made and place the affordable housing into service.

(f) A loan recipient must preserve the affordable rental housing developed on the property acquired under this section as affordable housing for a minimum of thirty years.

(4) If a loan recipient does not place affordable housing into service on a property for which a loan has been received under this section within the eight-year period specified in subsection (3)(e) of this section, or if a loan recipient fails to use the property for the intended affordable housing purpose consistent with the loan recipient's original affordable housing development plan, then the loan recipient must pay to the Washington state housing finance commission an amount consisting of the principal of the original loan plus compounded interest calculated at the current market rate. The Washington state housing finance commission shall develop guidelines for the time period in which this repayment must take place, which must be noted in the original loan agreement. The Washington state housing finance commission may grant a partial or total exemption from this repayment requirement if it determines that a development is substantially complete or that the property has been substantially used in keeping with the original affordable housing purpose of the loan. Any repayment funds received as a result of noncompliance with loan requirements shall be deposited into the Washington state housing finance commission land acquisition revolving loan fund for the purposes of the affordable housing land acquisition revolving loan fund program.

(5) The Washington state housing finance commission, with approval from the department, may adopt guidelines and requirements that are necessary to administer the affordable housing land acquisition revolving loan fund program.

(6) Interest rates on property loans granted under this section may not exceed one percent. All loan repayment moneys received shall be deposited into the Washington state housing finance commission affordable housing land acquisition revolving loan fund for the purposes of the affordable housing land acquisition revolving loan fund program.

(7) The Washington state housing finance commission must develop performance measures for the program, which must be approved by the department, including, at a minimum, measures related to:

(a) The ability of eligible organizations to access land for affordable housing development;

(b) The total number of dwelling units by housing type and the total number of ~~((very))~~ low-income households and persons served; and

(c) The financial efficiency of the program as demonstrated by factors, including the cost per unit developed for affordable housing units in different areas of the state and a measure of the effective use of funds to produce the greatest number of units for low-income households.

(8) By December 1st of each year, beginning in 2007, the Washington state housing finance commission shall report to the department and the appropriate committees of the legislature using, at a minimum, the performance measures developed under subsection (7) of this section.

NEW SECTION. Sec. 2. A new section is added to chapter 43.185A RCW to read as follows:

(1) The affordable housing and community facilities rapid response loan program is created in the department to assist eligible organizations, described under RCW 43.185A.040, to purchase land or real property for affordable housing and community facilities preservation or development in rapidly gentrifying neighborhoods or communities with a significant low-income population that is threatened with displacement by such gentrification. The department shall contract with the Washington state housing finance commission to establish and administer the program.

(2) Loans or grants may be made through the affordable housing and community facilities rapid response loan program to purchase land or real property for the preservation or development of affordable housing or community facilities, including reasonable costs and fees.

(3) The Washington state housing finance commission, with approval from the department, may adopt guidelines and requirements that are necessary to administer the affordable housing and community facilities rapid response loan program.

(4) A loan or grant recipient must preserve affordable rental housing acquired or developed under this section as affordable housing for a minimum of thirty years.

(5) Interest rates on loans made under this section may be as low as zero percent but may not exceed three percent. All loan repayment moneys received must be deposited into a program account established by the Washington state housing finance commission for the purpose of making new loans and grants under this section.

(6) By December 1st of each year, beginning in 2008, the Washington state housing finance commission shall report to the department and the appropriate committees of the legislature: The number of loans and grants that were made in the program; for what purposes the loans and grants were made; to whom the loans and grants were made; and when the loans are expected to be paid back.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 21, 2008.

Filed in Office of Secretary of State March 24, 2008.

CHAPTER 113

[Substitute House Bill 2014]

CONDOMINIUM CONVERSIONS

AN ACT Relating to the regulation of conversion condominiums; amending RCW 64.34.440, 82.02.020, and 59.18.200; adding a new section to chapter 64.34 RCW; creating a new section; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 64.34.440 and 1992 c 220 s 25 are each amended to read as follows:

(1)(a) A declarant of a conversion condominium, and any dealer who intends to offer units in such a condominium, shall give each of the residential tenants and any residential subtenant in possession of a portion of a conversion condominium notice of the conversion and provide those persons with the public offering statement no later than ~~((ninety))~~ one hundred twenty days before the tenants and any subtenant in possession are required to vacate. The notice must:

(i) Set forth generally the rights of tenants and subtenants under this section ~~((and shall))~~;

(ii) Be delivered pursuant to notice requirements set forth in RCW 59.12.040; and

(iii) Expressly state whether there is a county or city relocation assistance program for tenants or subtenants of conversion condominiums in the jurisdiction in which the property is located. If the county or city does have a relocation assistance program, the following must also be included in the notice:

(A) A summary of the terms and conditions under which relocation assistance is paid; and

(B) Contact information for the city or county relocation assistance program, which must include, at a minimum, a telephone number of the city or county department that administers the relocation assistance program for conversion condominiums.

(b) No tenant or subtenant may be required to vacate upon less than ~~((ninety))~~ one hundred twenty days' notice, except by reason of nonpayment of rent, waste, conduct that disturbs other tenants' peaceful enjoyment of the premises, or act of unlawful detainer as defined in RCW 59.12.030, and the terms of the tenancy may not be altered during that period except as provided in (c) of this subsection.

(c) At the declarant's option, the declarant may provide all tenants in a single building with an option to terminate their lease or rental agreements without cause or consequence after providing the declarant with thirty days' notice. In such case, tenants continue to have access to relocation assistance under subsection (6)(e) of this section.

(d) Nothing in this subsection shall be deemed to waive or repeal RCW 59.18.200(2). Failure to give notice as required by this section is a defense to an action for possession.

(e) The city or county in which the property is located may require the declarant to forward a copy of the conversion notice required in (a) of this subsection to the appropriately designated department or agency in the city or county for the purpose of maintaining a list of conversion condominium projects proposed in the jurisdiction.

(2) For sixty days after delivery or mailing of the notice described in subsection (1) of this section, the person required to give the notice shall offer to convey each unit or proposed unit occupied for residential use to the tenant who leases that unit. If a tenant fails to purchase the unit during that sixty-day period, the offeror may offer to dispose of an interest in that unit during the following one hundred eighty days at a price or on terms more favorable to the offeree than the price or terms offered to the tenant only if: (a) Such offeror, by written notice mailed to the tenant's last known address, offers to sell an interest in that unit at the more favorable price and terms, and (b) such tenant fails to accept such offer in writing within ten days following the mailing of the offer to the tenant. This subsection does not apply to any unit in a conversion condominium if that unit will be restricted exclusively to nonresidential use or the boundaries of the converted unit do not substantially conform to the dimensions of the residential unit before conversion.

(3) If a seller, in violation of subsection (2) of this section, conveys a unit to a purchaser for value who has no knowledge of the violation, recording of the deed conveying the unit extinguishes any right a tenant may have to purchase that unit but does not affect the right of a tenant to recover damages from the seller for a violation of subsection (2) of this section.

(4) If a notice of conversion specifies a date by which a unit or proposed unit must be vacated and otherwise complies with the provisions of this chapter and chapter 59.18 RCW, the notice also constitutes a notice to vacate specified by that statute.

(5) Nothing in this section permits termination of a lease by a declarant in violation of its terms.

(6) Notwithstanding RCW 64.34.050(1), a city or county may by appropriate ordinance require with respect to any conversion condominium within the jurisdiction of such city or county that:

(a) In addition to the statement required by RCW 64.34.415(1)(a), the public offering statement shall contain a copy of the written inspection report prepared by the appropriate department of such city or county, which report shall list any violations of the housing code or other governmental regulation, which code or regulation is applicable regardless of whether the real property is owned as a condominium or in some other form of ownership; said inspection shall be made within forty-five days of the declarant's written request therefor and said report shall be issued within fourteen days of said inspection being made. Such inspection may not be required with respect to any building for which a final certificate of occupancy has been issued by the city or county within the preceding twenty-four months; and any fee imposed for the making of such inspection may not exceed the fee that would be imposed for the making of such an inspection for a purpose other than complying with this subsection (6)(a);

(b) Prior to the conveyance of any residential unit within a conversion condominium, other than a conveyance to a declarant or affiliate of a declarant: (i) All violations disclosed in the inspection report provided for in (a) of this subsection, and not otherwise waived by such city or county, shall be repaired, and (ii) a certification shall be obtained from such city or county that such repairs have been made, which certification shall be based on a reinspection to be made within seven days of the declarant's written request therefor and which certification shall be issued within seven days of said reinspection being made;

(c) The repairs required to be made under (b) of this subsection shall be warranted by the declarant against defects due to workmanship or materials for a period of one year following the completion of such repairs;

(d) Prior to the conveyance of any residential unit within a conversion condominium, other than a conveyance to a declarant or affiliate of a declarant: (i) The declarant shall establish and maintain, during the one-year warranty period provided under (c) of this subsection, an account containing a sum equal to ten percent of the actual cost of making the repairs required under (b) of this subsection; (ii) during the one-year warranty period, the funds in such account shall be used exclusively for paying the actual cost of making repairs required, or for otherwise satisfying claims made, under such warranty; (iii) following the expiration of the one-year warranty period, any funds remaining in such account shall be immediately disbursed to the declarant; and (iv) the declarant shall notify in writing the association and such city or county as to the location of such account and any disbursements therefrom; ~~(and)~~

(e)(i) A declarant shall pay relocation assistance ((not to exceed five hundred dollars per unit shall be paid)), in an amount to be determined by the city or county, which may not exceed a sum equal to three months of the tenant's or subtenant's rent at the time the conversion notice required under subsection (1) of this section is received, to tenants and subtenants;

(A) Who do not elect ((not)) to purchase a unit ((and));

(B) Who are in lawful occupancy for residential purposes of a unit; and

(C) Whose ((monthly)) annual household income from all sources, on the date of the notice described in subsection (1) of this section, was less than an amount equal to eighty percent of ((+));

(I) The ((monthly)) annual median income for comparably sized households in the standard metropolitan statistical area, as defined and established by the United States department of housing and urban development, in which the condominium is located((-)); or ((+))

(II) If the condominium is not within a standard metropolitan statistical area, the ((monthly)) annual median income for comparably sized households in the state of Washington, as defined and determined by said department.

The household size of a unit shall be based on the number of persons actually in lawful occupancy of the unit. The tenant or subtenant actually in lawful occupancy of the unit shall be entitled to the relocation assistance. Relocation assistance shall be paid on or before the date the tenant or subtenant vacates and shall be in addition to any damage deposit or other compensation or refund to which the tenant is otherwise entitled. Unpaid rent or other amounts owed by the tenant or subtenant to the landlord may be offset against the relocation assistance;

(ii) Elderly or special needs tenants who otherwise meet the requirements of (e)(i)(A) of this subsection shall receive relocation assistance, the greater of:

(A) The sum described in (e)(i) of this subsection; or

(B) The sum of actual relocation expenses of the tenant, up to a maximum of one thousand five hundred dollars in excess of the sum described in (e)(i) of this subsection, which may include costs associated with the physical move, first month's rent, and the security deposit for the dwelling unit to which the tenant is relocating, rent differentials for up to a six-month period, and any other reasonable costs or fees associated with the relocation. Receipts for relocation

expenses must be provided to the declarant by eligible tenants, and declarants shall provide the relocation assistance to tenants in a timely manner. The city or county may provide additional guidelines for the relocation assistance:

(iii) For the purposes of this subsection (6)(e):

(A) "Special needs" means, but is not limited to, a chronic mental illness or physical disability, a developmental disability, or other condition affecting cognition, disease, chemical dependency, or a medical condition that is permanent, not reversible or curable, or is long lasting, and severely limits a person's mental or physical capacity for self-care; and

(B) "Elderly" means a person who is at least sixty-five years of age;

(f) Except as authorized under (g) of this subsection, a declarant and any dealer shall not begin any construction, remodeling, or repairs to any interior portion of an occupied building that is to be converted to a condominium during the one hundred twenty-day notice period provided for in subsection (1) of this section unless all residential tenants and residential subtenants who have elected not to purchase a unit and who are in lawful occupancy in the building have vacated the premises. For the purposes of this subsection:

(i) "Construction, remodeling, or repairs" means the work that is done for the purpose of converting the condominium, not work that is done to maintain the building or lot for the residential use of the existing tenants or subtenants;

(ii) "Occupied building" means a stand-alone structure occupied by tenants and does not include other stand-alone buildings located on the property or detached common area facilities; and

(g)(i) If a declarant or dealer has offered existing tenants an option to terminate an existing lease or rental agreement without cause or consequence as authorized under subsection (1)(c) of this section, a declarant and any dealer may begin construction, remodeling, or repairs to interior portions of an occupied building (A) to repair or remodel vacant units to be used as model units, if the repair or remodel is limited to one model for each unit type in the building, (B) to repair or remodel a vacant unit or common area for use as a sales office, or (C) to do both.

(ii) The work performed under this subsection (6)(g) must not violate the tenant's or subtenant's rights of quiet enjoyment during the one hundred twenty-day notice period.

(7) Violations of any city or county ordinance adopted as authorized by subsection (6) of this section shall give rise to such remedies, penalties, and causes of action which may be lawfully imposed by such city or county. Such violations shall not invalidate the creation of the condominium or the conveyance of any interest therein.

Sec. 2. RCW 82.02.020 and 2006 c 149 s 3 are each amended to read as follows:

Except only as expressly provided in chapters 67.28 and 82.14 RCW, the state preempts the field of imposing taxes upon retail sales of tangible personal property, the use of tangible personal property, parimutuel wagering authorized pursuant to RCW 67.16.060, conveyances, and cigarettes, and no county, town, or other municipal subdivision shall have the right to impose taxes of that nature. Except as provided in RCW 64.34.440 and 82.02.050 through 82.02.090, no county, city, town, or other municipal corporation shall impose any tax, fee, or charge, either direct or indirect, on the construction or reconstruction of

residential buildings, commercial buildings, industrial buildings, or on any other building or building space or appurtenance thereto, or on the development, subdivision, classification, or reclassification of land. However, this section does not preclude dedications of land or easements within the proposed development or plat which the county, city, town, or other municipal corporation can demonstrate are reasonably necessary as a direct result of the proposed development or plat to which the dedication of land or easement is to apply.

This section does not prohibit voluntary agreements with counties, cities, towns, or other municipal corporations that allow a payment in lieu of a dedication of land or to mitigate a direct impact that has been identified as a consequence of a proposed development, subdivision, or plat. A local government shall not use such voluntary agreements for local off-site transportation improvements within the geographic boundaries of the area or areas covered by an adopted transportation program authorized by chapter 39.92 RCW. Any such voluntary agreement is subject to the following provisions:

(1) The payment shall be held in a reserve account and may only be expended to fund a capital improvement agreed upon by the parties to mitigate the identified, direct impact;

(2) The payment shall be expended in all cases within five years of collection; and

(3) Any payment not so expended shall be refunded with interest to be calculated from the original date the deposit was received by the county and at the same rate applied to tax refunds pursuant to RCW 84.69.100; however, if the payment is not expended within five years due to delay attributable to the developer, the payment shall be refunded without interest.

No county, city, town, or other municipal corporation shall require any payment as part of such a voluntary agreement which the county, city, town, or other municipal corporation cannot establish is reasonably necessary as a direct result of the proposed development or plat.

Nothing in this section prohibits cities, towns, counties, or other municipal corporations from collecting reasonable fees from an applicant for a permit or other governmental approval to cover the cost to the city, town, county, or other municipal corporation of processing applications, inspecting and reviewing plans, or preparing detailed statements required by chapter 43.21C RCW.

This section does not limit the existing authority of any county, city, town, or other municipal corporation to impose special assessments on property specifically benefitted thereby in the manner prescribed by law.

Nothing in this section prohibits counties, cities, or towns from imposing or permits counties, cities, or towns to impose water, sewer, natural gas, drainage utility, and drainage system charges: PROVIDED, That no such charge shall exceed the proportionate share of such utility or system's capital costs which the county, city, or town can demonstrate are attributable to the property being charged: PROVIDED FURTHER, That these provisions shall not be interpreted to expand or contract any existing authority of counties, cities, or towns to impose such charges.

Nothing in this section prohibits a transportation benefit district from imposing fees or charges authorized in RCW 36.73.120 nor prohibits the legislative authority of a county, city, or town from approving the imposition of such fees within a transportation benefit district.

Nothing in this section prohibits counties, cities, or towns from imposing transportation impact fees authorized pursuant to chapter 39.92 RCW.

Nothing in this section prohibits counties, cities, or towns from requiring property owners to provide relocation assistance to tenants under RCW 59.18.440 and 59.18.450.

Nothing in this section limits the authority of counties, cities, or towns to implement programs consistent with RCW 36.70A.540, nor to enforce agreements made pursuant to such programs.

This section does not apply to special purpose districts formed and acting pursuant to Titles 54, 57, or 87 RCW, nor is the authority conferred by these titles affected.

NEW SECTION. Sec. 3. A new section is added to chapter 64.34 RCW to read as follows:

(1) All cities and counties planning under RCW 36.70A.040, which have allowed any conversion condominiums within the jurisdiction within the previous twelve-month period, must report annually to the department of community, trade, and economic development the following information:

- (a) The total number of apartment units converted into condominiums;
- (b) The total number of conversion condominium projects; and
- (c) The total number of apartment tenants who receive relocation assistance.

(2) Upon completion of a conversion condominium project, a city or county may require the declarant to provide the information described in subsection (1) of this section to the appropriately designated department or agency in the city or county for the purpose of complying with subsection (1) of this section.

Sec. 4. RCW 59.18.200 and 2003 c 7 s 1 are each amended to read as follows:

(1)(a) When premises are rented for an indefinite time, with monthly or other periodic rent reserved, such tenancy shall be construed to be a tenancy from month to month, or from period to period on which rent is payable, and shall be terminated by written notice of twenty days or more, preceding the end of any of the months or periods of tenancy, given by either party to the other.

(b) Any tenant who is a member of the armed forces, including the national guard and armed forces reserves, or that tenant's spouse or dependant, may terminate a rental agreement with less than twenty days' notice if the tenant receives reassignment or deployment orders that do not allow a twenty-day notice.

(2)(a) ~~Whenever a landlord ((plans to change any apartment or apartments to a condominium form of ownership or)) plans to change to a policy of excluding children, the landlord shall give a written notice to a tenant at least ninety days before termination of the tenancy to effectuate such change in policy. Such ninety-day notice shall be in lieu of the notice required by subsection (1) of this section. However, if after giving the ninety-day notice the change in policy is delayed, the notice requirements of subsection (1) of this section shall apply unless waived by the tenant.~~

(b) Whenever a landlord plans to change any apartment or apartments to a condominium form of ownership, the landlord shall provide a written notice to a tenant at least one hundred twenty days before termination of the tenancy, in compliance with RCW 64.34.440(1), to effectuate such change. The one

hundred twenty-day notice is in lieu of the notice required in subsection (1) of this section. However, if after providing the one hundred twenty-day notice the change to a condominium form of ownership is delayed, the notice requirements in subsection (1) of this section apply unless waived by the tenant.

NEW SECTION. Sec. 5. This act does not apply to any conversion condominiums for which a notice required under RCW 64.34.440(1) has been delivered before the effective date of this act.

NEW SECTION. Sec. 6. This act takes effect August 1, 2008.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 21, 2008.

Filed in Office of Secretary of State March 24, 2008.

CHAPTER 114

[Substitute House Bill 3071]

TERMINATION OF CONDOMINIUMS

AN ACT Relating to harmonizing statutes dealing with the termination of condominiums; and amending RCW 64.34.010, 64.32.150, and 64.32.010.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 64.34.010 and 1993 c 429 s 12 are each amended to read as follows:

(1) This chapter applies to all condominiums created within this state after July 1, 1990. RCW 64.34.040 (separate titles and taxation), RCW 64.34.050 (applicability of local ordinances, regulations, and building codes), RCW 64.34.060 (condemnation), RCW 64.34.208 (construction and validity of declaration and bylaws), RCW 64.34.268 (1) through (7) and (10) (termination of condominium), RCW 64.34.212 (description of units), RCW 64.34.304(1)(a) through (f) and (k) through (r) (powers of unit owners' association), RCW 64.34.308(1) (board of directors and officers), RCW 64.34.340 (voting—proxies), RCW 64.34.344 (tort and contract liability), RCW 64.34.354 (notification on sale of unit), RCW 64.34.360(3) (common expenses—assessments), RCW 64.34.364 (lien for assessments), RCW 64.34.372 (association records), RCW 64.34.425 (resales of units), RCW 64.34.455 (effect of violation on rights of action; attorney's fees), and RCW 64.34.020 (definitions) to the extent necessary in construing any of those sections, apply to all condominiums created in this state before July 1, 1990; but those sections apply only with respect to events and circumstances occurring after July 1, 1990, and do not invalidate or supersede existing, inconsistent provisions of the declaration, bylaws, or survey maps or plans of those condominiums.

(2) The provisions of chapter 64.32 RCW do not apply to condominiums created after July 1, 1990, and do not invalidate any amendment to the declaration, bylaws, and survey maps and plans of any condominium created before July 1, 1990, if the amendment would be permitted by this chapter. The amendment must be adopted in conformity with the procedures and requirements specified by those instruments and by chapter 64.32 RCW. If the amendment grants to any person any rights, powers, or privileges permitted by this chapter which are not otherwise provided for in the declaration or chapter

64.32 RCW, all correlative obligations, liabilities, and restrictions in this chapter also apply to that person.

(3) This chapter does not apply to condominiums or units located outside this state.

(4) RCW 64.34.400 (applicability—waiver), RCW 64.34.405 (liability for public offering statement requirements), RCW 64.34.410 (public offering statement—general provisions), RCW 64.34.415 (public offering statement—conversion condominiums), RCW 64.34.420 (purchaser's right to cancel), RCW 64.34.430 (escrow of deposits), RCW 64.34.440 (conversion condominiums—notice—tenants), and RCW 64.34.455 (effect of violations on rights of action—attorney's fees) apply with respect to all sales of units pursuant to purchase agreements entered into after July 1, 1990, in condominiums created before July 1, 1990, in which as of July 1, 1990, the declarant or an affiliate of the declarant owns or had the right to create at least ten units constituting at least twenty percent of the units in the condominium.

Sec. 2. RCW 64.32.150 and 1963 c 156 s 15 are each amended to read as follows:

(1) All of the apartment owners may remove a property from the provisions of this chapter by an instrument to that effect duly recorded: PROVIDED, That the mortgagees and holders of all liens affecting any of the apartments consent thereto or agree, in either case by instrument duly recorded, that their mortgages and liens be transferred to the percentage of the undivided interest of the apartment owner in the property as hereinafter provided;

(2) Upon removal of the property from the provisions of this chapter, the property shall be deemed to be owned in common by the apartment owners. The undivided interest in the property owned in common which shall appertain to each apartment owner shall be the percentage of the undivided interest previously owned by such owners in the common areas and facilities.

(3) Subject to RCW 64.34.010 (1) and (2) and the rights of mortgagees and the holders of all liens affecting any of the apartments, the apartment owners may remove a property from the provisions of this chapter and terminate the condominium in the manner set forth in RCW 64.34.268 (1) through (7) and (10), in which event all of the provisions of RCW 64.34.268 (1) through (7) and (10) shall apply to such removal in lieu of subsections (1) and (2) of this section.

Sec. 3. RCW 64.32.010 and 1987 c 383 s 1 are each amended to read as follows:

As used in this chapter unless the context otherwise requires:

(1) "Apartment" means a part of the property intended for any type of independent use, including one or more rooms or spaces located on one or more floors (or part or parts thereof) in a building, or if not in a building, a separately delineated place of storage or moorage of a boat, plane, or motor vehicle, regardless of whether it is destined for a residence, an office, storage or moorage of a boat, plane, or motor vehicle, the operation of any industry or business, or for any other use not prohibited by law, and which has a direct exit to a public street or highway, or to a common area leading to such street or highway. The boundaries of an apartment located in a building are the interior surfaces of the perimeter walls, floors, ceilings, windows and doors thereof, and the apartment includes both the portions of the building so described and the air space so

encompassed. If the apartment is a separately delineated place of storage or moorage of a boat, plane, or motor vehicle the boundaries are those specified in the declaration. In interpreting declarations, deeds, and plans, the existing physical boundaries of the apartment as originally constructed or as reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed or depicted in the declaration, deed or plan, regardless of settling or lateral movement of the building and regardless of minor variance between boundaries shown in the declaration, deed, or plan and those of apartments in the building.

(2) "Apartment owner" means the person or persons owning an apartment, as herein defined, in fee simple absolute or qualified, by way of leasehold or by way of a periodic estate, or in any other manner in which real property may be owned, leased or possessed in this state, together with an undivided interest in a like estate of the common areas and facilities in the percentage specified and established in the declaration as duly recorded or as it may be lawfully amended.

(3) "Apartment number" means the number, letter, or combination thereof, designating the apartment in the declaration as duly recorded or as it may be lawfully amended.

(4) "Association of apartment owners" means all of the apartment owners acting as a group in accordance with the bylaws and with the declaration as it is duly recorded or as they may be lawfully amended.

(5) "Building" means a building, containing two or more apartments, or two or more buildings each containing one or more apartments, and comprising a part of the property.

(6) "Common areas and facilities", unless otherwise provided in the declaration as duly recorded or as it may be lawfully amended, includes:

- (a) The land on which the building is located;
- (b) The foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, lobbys, stairs, stairways, fire escapes, and entrances and exits of the building;
- (c) The basements, yards, gardens, parking areas and storage spaces;
- (d) The premises for the lodging of janitors or persons in charge of the property;
- (e) The installations of central services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning and incinerating;
- (f) The elevators, tanks, pumps, motors, fans, compressors, ducts and in general all apparatus and installations existing for common use;
- (g) Such community and commercial facilities as may be provided for in the declaration as duly recorded or as it may be lawfully amended;
- (h) All other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

(7) "Common expenses" include:

- (a) All sums lawfully assessed against the apartment owners by the association of apartment owners;
- (b) Expenses of administration, maintenance, repair, or replacement of the common areas and facilities;
- (c) Expenses agreed upon as common expenses by the association of apartment owners;

(d) Expenses declared common expenses by the provisions of this chapter, or by the declaration as it is duly recorded, or by the bylaws, or as they may be lawfully amended.

(8) "Common profits" means the balance of all income, rents, profits and revenues from the common areas and facilities remaining after the deduction of the common expenses.

(9) "Declaration" means the instrument by which the property is submitted to provisions of this chapter, as hereinafter provided, and as it may be, from time to time, lawfully amended.

(10) "Land" means the material of the earth, whatever may be the ingredients of which it is composed, whether soil, rock, or other substance, whether or not submerged, and includes free or occupied space for an indefinite distance upwards as well as downwards, subject to limitations upon the use of airspace imposed, and rights in the use of the airspace granted, by the laws of this state or of the United States.

(11) "Limited common areas and facilities" includes those common areas and facilities designated in the declaration, as it is duly recorded or as it may be lawfully amended, as reserved for use of certain apartment or apartments to the exclusion of the other apartments.

(12) "Majority" or "majority of apartment owners" means the apartment owners with fifty-one percent or more of the votes in accordance with the percentages assigned in the declaration, as duly recorded or as it may be lawfully amended, to the apartments for voting purposes.

(13) "Person" includes any individual, corporation, partnership, association, trustee, or other legal entity.

(14) "Property" means the land, the building, all improvements and structures thereon, all owned in fee simple absolute or qualified, by way of leasehold or by way of a periodic estate, or in any other manner in which real property may be owned, leased or possessed in this state, and all easements, rights and appurtenances belonging thereto, none of which shall be considered as a security or security interest, and all articles of personalty intended for use in connection therewith, which have been or are intended to be submitted to the provisions of this chapter.

(15) "Percent of the apartment owners" means the apartment owners with the stated percent or more of the votes in accordance with the percentages assigned in the declaration, as duly recorded or as it may be lawfully amended, to the apartments for voting purposes.

Passed by the House February 18, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 21, 2008.

Filed in Office of Secretary of State March 24, 2008.

CHAPTER 115

[Senate Bill 6215]

CONDOMINIUM ASSOCIATIONS—RESERVE ACCOUNTS AND STUDIES

AN ACT Relating to reserve accounts and studies for condominium associations; amending RCW 64.34.010, 64.34.020, 64.34.304, 64.34.410, and 64.34.425; and adding new sections to chapter 64.34 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 64.34 RCW under the subchapter heading "Article 3" to read as follows:

(1) An association is encouraged to establish a reserve account to fund major maintenance, repair, and replacement of common elements, including limited common elements that will require major maintenance, repair, or replacement within thirty years. A reserve account shall be established in the name of the association. The board of directors is responsible for administering the reserve account.

(2) Unless doing so would impose an unreasonable hardship, an association shall prepare and update a reserve study, in accordance with the association's governing documents and RCW 64.34.224(1). The initial reserve study must be based upon a visual site inspection conducted by a reserve study professional.

(3) Unless doing so would impose an unreasonable hardship, the association shall update the reserve study annually. At least every three years, an updated reserve study must be prepared and based upon a visual site inspection conducted by a reserve study professional.

(4) This section and sections 2 through 6 of this act apply to condominiums governed by chapter 64.32 RCW or this chapter and intended in whole or in part for residential purposes. These sections do not apply to condominiums consisting solely of units that are restricted in the declaration to nonresidential use. An association's governing documents may contain stricter requirements.

NEW SECTION. Sec. 2. A new section is added to chapter 64.34 RCW under the subchapter heading "Article 3" to read as follows:

(1) A reserve study as described in section 1 of this act is supplemental to the association's operating and maintenance budget. In preparing a reserve study, the association shall estimate the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget.

(2) A reserve study shall include:

(a) A reserve component list, including quantities and estimates for useful life of each reserve component, remaining useful life of each reserve component, and current repair and replacement cost for each component;

(b) The date of the study and a statement that the study meets the requirements of this section;

(c) The level of reserve study performed:

(i) Level I: Full reserve study funding analysis and plan;

(ii) Level II: Update with visual site inspection;

(iii) Level III: Update with no visual site inspection;

(d) The association's reserve account balance;

(e) The percentage of the fully funded balance that the reserve account is funded;

(f) Special assessments already implemented or planned;

(g) Interest and inflation assumptions;

(h) Current reserve account contribution rate;

(i) Recommended reserve account contribution rate;

(j) Projected reserve account balance for thirty years and a funding plan to pay for projected costs from those reserves without reliance on future unplanned special assessments; and

(k) Whether the reserve study was prepared with the assistance of a reserve study professional.

(3) A reserve study shall include the following disclosure:

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component."

NEW SECTION. Sec. 3. A new section is added to chapter 64.34 RCW under the subchapter heading "Article 3" to read as follows:

An association may withdraw funds from its reserve account to pay for unforeseen or unbudgeted costs. The board of directors shall record any such withdrawal in the minute books of the association, cause notice of any such withdrawal to be hand delivered or sent prepaid by first-class United States mail to the mailing address of each unit or to any other mailing address designated in writing by the unit owner, and adopt a repayment schedule not to exceed twenty-four months unless it determines that repayment within twenty-four months would impose an unreasonable burden on the unit owners.

NEW SECTION. Sec. 4. A new section is added to chapter 64.34 RCW under the subchapter heading "Article 3" to read as follows:

(1) Where more than three years have passed since the date of the last reserve study prepared by a reserve study professional, the owners of the units to which at least twenty percent of the votes are allocated may demand, in writing, to the association that the cost of a reserve study be included in the next budget and that the study be obtained by the end of that budget year. The written demand must refer to this section. The board of directors shall, upon receipt of the written demand, provide unit owners making the demand reasonable assurance that the board of directors will include a reserve study in the next budget and, if the budget is not rejected by the owners, will arrange for the completion of a reserve study.

(2) In the event a written demand is made and a reserve study is not timely prepared, a court may order specific performance and award reasonable attorneys' fees to the prevailing party in any legal action brought to enforce this section. An association may assert unreasonable hardship as an affirmative defense in any action brought against it under this section. Without limiting this affirmative defense, an unreasonable hardship exists where the cost of preparing a reserve study would exceed ten percent of the association's annual budget.

(3) A unit owner's duty to pay for common expenses shall not be excused because of the association's failure to comply with this section or sections 2

through 6 of this act. A budget ratified by the unit owners under RCW 64.34.308(3) may not be invalidated because of the association's failure to comply with this section or sections 2 through 6 of this act.

NEW SECTION. Sec. 5. A new section is added to chapter 64.34 RCW under the subchapter heading "Article 3" to read as follows:

Subject to section 4 of this act, the decisions relating to the preparation and updating of a reserve study must be made by the board of directors of the association in the exercise of the reasonable discretion of the board. Such decisions must include whether a reserve study will be prepared or updated, and whether the assistance of a reserve study professional will be utilized.

NEW SECTION. Sec. 6. A new section is added to chapter 64.34 RCW under the subchapter heading "Article 3" to read as follows:

Monetary damages or any other liability may not be awarded against or imposed upon the association, the officers or board of directors of the association, or those persons who may have provided advice or assistance to the association or its officers or directors, for failure to: Establish a reserve account; have a current reserve study prepared or updated in accordance with sections 1 through 5 of this act; or make the reserve disclosures in accordance with section 2 of this act and RCW 64.34.410(1)(oo) and 64.34.425(1)(s).

Sec. 7. RCW 64.34.010 and 1993 c 429 s 12 are each amended to read as follows:

(1) This chapter applies to all condominiums created within this state after July 1, 1990. RCW 64.34.040 (separate titles and taxation), RCW 64.34.050 (applicability of local ordinances, regulations, and building codes), RCW 64.34.060 (condemnation), RCW 64.34.208 (construction and validity of declaration and bylaws), RCW 64.34.212 (description of units), RCW 64.34.304(1) (a) through (f) and (k) through (r) (powers of unit owners' association), RCW 64.34.308(1) (board of directors and officers), RCW 64.34.340 (voting-proxies), RCW 64.34.344 (tort and contract liability), RCW 64.34.354 (notification on sale of unit), RCW 64.34.360(3) (common expenses-assessments), RCW 64.34.364 (lien for assessments), RCW 64.34.372 (association records), RCW 64.34.425 (resales of units), RCW 64.34.455 (effect of violation on rights of action; attorney's fees), sections 1 through 6 of this act (reserve studies and accounts), and RCW 64.34.020 (definitions) to the extent necessary in construing any of those sections, apply to all condominiums created in this state before July 1, 1990; but those sections apply only with respect to events and circumstances occurring after July 1, 1990, and do not invalidate or supersede existing, inconsistent provisions of the declaration, bylaws, or survey maps or plans of those condominiums.

(2) The provisions of chapter 64.32 RCW do not apply to condominiums created after July 1, 1990, and do not invalidate any amendment to the declaration, bylaws, and survey maps and plans of any condominium created before July 1, 1990, if the amendment would be permitted by this chapter. The amendment must be adopted in conformity with the procedures and requirements specified by those instruments and by chapter 64.32 RCW. If the amendment grants to any person any rights, powers, or privileges permitted by this chapter which are not otherwise provided for in the declaration or chapter

64.32 RCW, all correlative obligations, liabilities, and restrictions in this chapter also apply to that person.

(3) This chapter does not apply to condominiums or units located outside this state.

(4) RCW 64.34.400 (applicability-waiver), RCW 64.34.405 (liability for public offering statement requirements), RCW 64.34.410 (public offering statement-general provisions), RCW 64.34.415 (public offering statement-conversion condominiums), RCW 64.34.420 (purchaser's right to cancel), RCW 64.34.430 (escrow of deposits), RCW 64.34.440 (conversion condominiums-notice-tenants), and RCW 64.34.455 (effect of violations on rights of action-attorney's fees) apply with respect to all sales of units pursuant to purchase agreements entered into after July 1, 1990, in condominiums created before July 1, 1990, in which as of July 1, 1990, the declarant or an affiliate of the declarant owns or had the right to create at least ten units constituting at least twenty percent of the units in the condominium.

Sec. 8. RCW 64.34.020 and 2004 c 201 s 9 are each amended to read as follows:

In the declaration and bylaws, unless specifically provided otherwise or the context requires otherwise, and in this chapter:

(1) "Affiliate" means any person who controls, is controlled by, or is under common control with the referenced person. A person "controls" another person if the person: (a) Is a general partner, officer, director, or employer of the referenced person; (b) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty percent of the voting interest in the referenced person; (c) controls in any manner the election of a majority of the directors of the referenced person; or (d) has contributed more than twenty percent of the capital of the referenced person. A person "is controlled by" another person if the other person: (i) Is a general partner, officer, director, or employer of the person; (ii) directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, holds with power to vote, or holds proxies representing, more than twenty percent of the voting interest in the person; (iii) controls in any manner the election of a majority of the directors of the person; or (iv) has contributed more than twenty percent of the capital of the person. Control does not exist if the powers described in this subsection are held solely as security for an obligation and are not exercised.

(2) "Allocated interests" means the undivided interest in the common elements, the common expense liability, and votes in the association allocated to each unit.

(3) "Assessment" means all sums chargeable by the association against a unit including, without limitation: (a) Regular and special assessments for common expenses, charges, and fines imposed by the association; (b) interest and late charges on any delinquent account; and (c) costs of collection, including reasonable attorneys' fees, incurred by the association in connection with the collection of a delinquent owner's account.

(4) "Association" or "unit owners' association" means the unit owners' association organized under RCW 64.34.300.

(5) "Board of directors" means the body, regardless of name, with primary authority to manage the affairs of the association.

(6) "Common elements" means all portions of a condominium other than the units.

(7) "Common expenses" means expenditures made by or financial liabilities of the association, together with any allocations to reserves.

(8) "Common expense liability" means the liability for common expenses allocated to each unit pursuant to RCW 64.34.224.

(9) "Condominium" means real property, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those portions. Real property is not a condominium unless the undivided interests in the common elements are vested in the unit owners, and unless a declaration and a survey map and plans have been recorded pursuant to this chapter.

(10) "Contribution rate" means, in a reserve study as described in section 1 of this act, the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement costs without the need of a special assessment.

(11) "Conversion condominium" means a condominium (a) that at any time before creation of the condominium was lawfully occupied wholly or partially by a tenant or subtenant for residential purposes pursuant to a rental agreement, oral or written, express or implied, for which the tenant or subtenant had not received the notice described in (b) of this subsection; or (b) that, at any time within twelve months before the conveyance of, or acceptance of an agreement to convey, any unit therein other than to a declarant or any affiliate of a declarant, was lawfully occupied wholly or partially by a residential tenant of a declarant or an affiliate of a declarant and such tenant was not notified in writing, prior to lawfully occupying a unit or executing a rental agreement, whichever event first occurs, that the unit was part of a condominium and subject to sale. "Conversion condominium" shall not include a condominium in which, before July 1, 1990, any unit therein had been conveyed or been made subject to an agreement to convey to any transferee other than a declarant or an affiliate of a declarant.

~~((11))~~ (12) "Conveyance" means any transfer of the ownership of a unit, including a transfer by deed or by real estate contract and, with respect to a unit in a leasehold condominium, a transfer by lease or assignment thereof, but shall not include a transfer solely for security.

~~((12))~~ (13) "Dealer" means a person who, together with such person's affiliates, owns or has a right to acquire either six or more units in a condominium or fifty percent or more of the units in a condominium containing more than two units.

~~((13))~~ (14) "Declarant" means:

(a) Any person who executes as declarant a declaration as defined in subsection ~~((15))~~ (16) of this section; or

(b) Any person who reserves any special declarant right in the declaration; or

(c) Any person who exercises special declarant rights or to whom special declarant rights are transferred; or

(d) Any person who is the owner of a fee interest in the real property which is subjected to the declaration at the time of the recording of an instrument pursuant to RCW 64.34.316 and who directly or through one or more affiliates is materially involved in the construction, marketing, or sale of units in the condominium created by the recording of the instrument.

~~((14))~~ (15) "Declarant control" means the right of the declarant or persons designated by the declarant to appoint and remove officers and members of the board of directors, or to veto or approve a proposed action of the board or association, pursuant to RCW 64.34.308 (4) or (5).

~~((15))~~ (16) "Declaration" means the document, however denominated, that creates a condominium by setting forth the information required by RCW 64.34.216 and any amendments to that document.

~~((16))~~ (17) "Development rights" means any right or combination of rights reserved by a declarant in the declaration to: (a) Add real property or improvements to a condominium; (b) create units, common elements, or limited common elements within real property included or added to a condominium; (c) subdivide units or convert units into common elements; (d) withdraw real property from a condominium; or (e) reallocate limited common elements with respect to units that have not been conveyed by the declarant.

~~((17))~~ (18) "Dispose" or "disposition" means a voluntary transfer or conveyance to a purchaser or lessee of any legal or equitable interest in a unit, but does not include the transfer or release of a security interest.

~~((18))~~ (19) "Effective age" means the difference between useful life and remaining useful life.

(20) "Eligible mortgagee" means the holder of a mortgage on a unit that has filed with the secretary of the association a written request that it be given copies of notices of any action by the association that requires the consent of mortgagees.

~~((19))~~ (21) "Foreclosure" means a forfeiture or judicial or nonjudicial foreclosure of a mortgage or a deed in lieu thereof.

~~((20))~~ (22) "Fully funded balance" means the value of the deteriorated portion of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of that reserve component by its effective age, then dividing the result by that reserve component's useful life. The sum total of all reserve components' fully funded balances is the association's fully funded balance.

(23) "Identifying number" means the designation of each unit in a condominium.

~~((21))~~ (24) "Leasehold condominium" means a condominium in which all or a portion of the real property is subject to a lease, the expiration or termination of which will terminate the condominium or reduce its size.

~~((22))~~ (25) "Limited common element" means a portion of the common elements allocated by the declaration or by operation of RCW 64.34.204 (2) or (4) for the exclusive use of one or more but fewer than all of the units.

~~((23))~~ (26) "Master association" means an organization described in RCW 64.34.276, whether or not it is also an association described in RCW 64.34.300.

~~((24))~~ (27) "Mortgage" means a mortgage, deed of trust or real estate contract.

~~((25))~~ (28) "Person" means a natural person, corporation, partnership, limited partnership, trust, governmental subdivision or agency, or other legal entity.

~~((26))~~ (29) "Purchaser" means any person, other than a declarant or a dealer, who by means of a disposition acquires a legal or equitable interest in a unit other than (a) a leasehold interest, including renewal options, of less than twenty years at the time of creation of the unit, or (b) as security for an obligation.

~~((27))~~ (30) "Real property" means any fee, leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance. "Real property" includes parcels, with or without upper or lower boundaries, and spaces that may be filled with air or water.

~~((28))~~ (31) "Remaining useful life" means the estimated time, in years, that a reserve component can be expected to continue to serve its intended function.

(32) "Replacement cost" means the current cost of replacing, repairing, or restoring a reserve component to its original functional condition.

(33) "Residential purposes" means use for dwelling or recreational purposes, or both.

~~((29))~~ (34) "Reserve components" means common elements whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget.

(35) "Reserve study professional" means an independent person suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with sections 1 and 2 of this act.

(36) "Special declarant rights" means rights reserved for the benefit of a declarant to: (a) Complete improvements indicated on survey maps and plans filed with the declaration under RCW 64.34.232; (b) exercise any development right under RCW 64.34.236; (c) maintain sales offices, management offices, signs advertising the condominium, and models under RCW 64.34.256; (d) use easements through the common elements for the purpose of making improvements within the condominium or within real property which may be added to the condominium under RCW 64.34.260; (e) make the condominium part of a larger condominium or a development under RCW 64.34.280; (f) make the condominium subject to a master association under RCW 64.34.276; or (g) appoint or remove any officer of the association or any master association or any member of the board of directors, or to veto or approve a proposed action of the board or association, during any period of declarant control under RCW 64.34.308(4).

~~((30))~~ (37) "Timeshare" shall have the meaning specified in the timeshare act, RCW 64.36.010(11).

~~((31))~~ (38) "Unit" means a physical portion of the condominium designated for separate ownership, the boundaries of which are described pursuant to RCW 64.34.216(1)(d). "Separate ownership" includes leasing a unit in a leasehold condominium under a lease that expires contemporaneously with

any lease, the expiration or termination of which will remove the unit from the condominium.

~~((32))~~ (39) "Unit owner" means a declarant or other person who owns a unit or leases a unit in a leasehold condominium under a lease that expires simultaneously with any lease, the expiration or termination of which will remove the unit from the condominium, but does not include a person who has an interest in a unit solely as security for an obligation. "Unit owner" means the vendee, not the vendor, of a unit under a real estate contract.

(40) "Useful life" means the estimated time, in years, that a reserve component can be expected to serve its intended function.

Sec. 9. RCW 64.34.304 and 1993 c 429 s 11 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, and subject to the provisions of the declaration, the association may:

- (a) Adopt and amend bylaws, rules, and regulations;
- (b) Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from unit owners;
- (c) Hire and discharge or contract with managing agents and other employees, agents, and independent contractors;
- (d) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more unit owners on matters affecting the condominium;
- (e) Make contracts and incur liabilities;
- (f) Regulate the use, maintenance, repair, replacement, and modification of common elements;
- (g) Cause additional improvements to be made as a part of the common elements;
- (h) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, but common elements may be conveyed or subjected to a security interest only pursuant to RCW 64.34.348;
- (i) Grant easements, leases, licenses, and concessions through or over the common elements and petition for or consent to the vacation of streets and alleys;
- (j) Impose and collect any payments, fees, or charges for the use, rental, or operation of the common elements, other than limited common elements described in RCW 64.34.204 (2) and (4), and for services provided to unit owners;
- (k) Impose and collect charges for late payment of assessments pursuant to RCW 64.34.364(13) and, after notice and an opportunity to be heard by the board of directors or by such representative designated by the board of directors and in accordance with such procedures as provided in the declaration or bylaws or rules and regulations adopted by the board of directors, levy reasonable fines in accordance with a previously established schedule thereof adopted by the board of directors and furnished to the owners for violations of the declaration, bylaws, and rules and regulations of the association;
- (l) Impose and collect reasonable charges for the preparation and recording of amendments to the declaration, resale certificates required by RCW 64.34.425, and statements of unpaid assessments;

(m) Provide for the indemnification of its officers and board of directors and maintain directors' and officers' liability insurance;

(n) Assign its right to future income, including the right to receive common expense assessments, but only to the extent the declaration provides;

(o) Join in a petition for the establishment of a parking and business improvement area, participate in the rate payers' board or other advisory body set up by the legislative authority for operation of a parking and business improvement area, and pay special assessments levied by the legislative authority on a parking and business improvement area encompassing the condominium property for activities and projects which benefit the condominium directly or indirectly;

(p) Establish and administer a reserve account as described in section 1 of this act;

(q) Prepare a reserve study as described in section 1 of this act;

(r) Exercise any other powers conferred by the declaration or bylaws;

~~((+))~~ (s) Exercise all other powers that may be exercised in this state by the same type of corporation as the association; and

~~((+))~~ (t) Exercise any other powers necessary and proper for the governance and operation of the association.

(2) The declaration may not impose limitations on the power of the association to deal with the declarant which are more restrictive than the limitations imposed on the power of the association to deal with other persons.

Sec. 10. RCW 64.34.410 and 2005 c 456 s 19 are each amended to read as follows:

(1) A public offering statement shall contain the following information:

(a) The name and address of the condominium;

(b) The name and address of the declarant;

(c) The name and address of the management company, if any;

(d) The relationship of the management company to the declarant, if any;

(e) A list of up to the five most recent condominium projects completed by the declarant or an affiliate of the declarant within the past five years, including the names of the condominiums, their addresses, and the number of existing units in each. For the purpose of this section, a condominium is "completed" when any one unit therein has been rented or sold;

(f) The nature of the interest being offered for sale;

(g) A brief description of the permitted uses and use restrictions pertaining to the units and the common elements;

(h) A brief description of the restrictions, if any, on the renting or leasing of units by the declarant or other unit owners, together with the rights, if any, of the declarant to rent or lease at least a majority of units;

(i) The number of existing units in the condominium and the maximum number of units that may be added to the condominium;

(j) A list of the principal common amenities in the condominium which materially affect the value of the condominium and those that will or may be added to the condominium;

(k) A list of the limited common elements assigned to the units being offered for sale;

- (l) The identification of any real property not in the condominium, the owner of which has access to any of the common elements, and a description of the terms of such access;
- (m) The identification of any real property not in the condominium to which unit owners have access and a description of the terms of such access;
- (n) The status of construction of the units and common elements, including estimated dates of completion if not completed;
- (o) The estimated current common expense liability for the units being offered;
- (p) An estimate of any payment with respect to the common expense liability for the units being offered which will be due at closing;
- (q) The estimated current amount and purpose of any fees not included in the common expenses and charged by the declarant or the association for the use of any of the common elements;
- (r) Any assessments which have been agreed to or are known to the declarant and which, if not paid, may constitute a lien against any units or common elements in favor of any governmental agency;
- (s) The identification of any parts of the condominium, other than the units, which any individual owner will have the responsibility for maintaining;
- (t) If the condominium involves a conversion condominium, the information required by RCW 64.34.415;
- (u) Whether timesharing is restricted or prohibited, and if restricted, a general description of such restrictions;
- (v) A list of all development rights reserved to the declarant and all special declarant rights reserved to the declarant, together with the dates such rights must terminate, and a copy of or reference by recording number to any recorded transfer of a special declarant right;
- (w) A description of any material differences in terms of furnishings, fixtures, finishes, and equipment between any model unit available to the purchaser at the time the agreement for sale is executed and the unit being offered;
- (x) Any liens on real property to be conveyed to the association required to be disclosed pursuant to RCW 64.34.435(2)(b);
- (y) A list of any physical hazards known to the declarant which particularly affect the condominium or the immediate vicinity in which the condominium is located and which are not readily ascertainable by the purchaser;
- (z) A brief description of any construction warranties to be provided to the purchaser;
- (aa) Any building code violation citations received by the declarant in connection with the condominium which have not been corrected;
- (bb) A statement of any unsatisfied judgments or pending suits against the association, a statement of the status of any pending suits material to the condominium of which the declarant has actual knowledge, and a statement of any litigation brought by an owners' association, unit owner, or governmental entity in which the declarant or any affiliate of the declarant has been a defendant, arising out of the construction, sale, or administration of any condominium within the previous five years, together with the results thereof, if known;

(cc) Any rights of first refusal to lease or purchase any unit or any of the common elements;

(dd) The extent to which the insurance provided by the association covers furnishings, fixtures, and equipment located in the unit;

(ee) A notice which describes a purchaser's right to cancel the purchase agreement or extend the closing under RCW 64.34.420, including applicable time frames and procedures;

(ff) Any reports or statements required by RCW 64.34.415 or 64.34.440(6)(a). RCW 64.34.415 shall apply to the public offering statement of a condominium in connection with which a final certificate of occupancy was issued more than sixty calendar months prior to the preparation of the public offering statement whether or not the condominium is a conversion condominium as defined in RCW 64.34.020(~~(10)~~) (11);

(gg) A list of the documents which the prospective purchaser is entitled to receive from the declarant before the rescission period commences;

(hh) A notice which states: A purchaser may not rely on any representation or express warranty unless it is contained in the public offering statement or made in writing signed by the declarant or by any person identified in the public offering statement as the declarant's agent;

(ii) A notice which states: This public offering statement is only a summary of some of the significant aspects of purchasing a unit in this condominium and the condominium documents are complex, contain other important information, and create binding legal obligations. You should consider seeking the assistance of legal counsel;

(jj) Any other information and cross-references which the declarant believes will be helpful in describing the condominium to the recipients of the public offering statement, all of which may be included or not included at the option of the declarant;

(kk) A notice that addresses compliance or noncompliance with the housing for older persons act of 1995, P.L. 104-76, as enacted on December 28, 1995;

(ll) A notice that is substantially in the form required by RCW 64.50.050;

(mm) A statement, as required by RCW 64.35.210, as to whether the units or common elements of the condominium are covered by a qualified warranty, and a history of claims under any such warranty; (~~and~~)

(nn) A statement that the building enclosure has been designed and inspected as required by RCW 64.55.010 through 64.55.090, and, if required, repaired in accordance with the requirements of RCW 64.55.090; and

(oo) If the association does not have a reserve study that has been prepared in accordance with sections 1 and 2 of this act or its governing documents, the following disclosure:

"This association does not have a current reserve study. The lack of a current reserve study poses certain risks to you, the purchaser. Insufficient reserves may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a common element."

(2) The public offering statement shall include copies of each of the following documents: The declaration, the survey map and plans, the articles of incorporation of the association, bylaws of the association, rules and regulations,

if any, current or proposed budget for the association, the balance sheet of the association current within ninety days if assessments have been collected for ninety days or more, the association's current reserve study, if any, and the inspection and repair report or reports prepared in accordance with the requirements of RCW 64.55.090.

If any of the foregoing documents listed in this subsection are not available because they have not been executed, adopted, or recorded, drafts of such documents shall be provided with the public offering statement, and, before closing the sale of a unit, the purchaser shall be given copies of any material changes between the draft of the proposed documents and the final documents.

(3) The disclosures required by subsection (1)(g), (k), (s), (u), (v), and (cc) of this section shall also contain a reference to specific sections in the condominium documents which further explain the information disclosed.

(4) The disclosures required by subsection (1)(ee), (hh), (ii), and (ll) of this section shall be located at the top of the first page of the public offering statement and be typed or printed in ten-point bold face type size.

(5) A declarant shall promptly amend the public offering statement to reflect any material change in the information required by this section.

Sec. 11. RCW 64.34.425 and 2004 c 201 s 4 are each amended to read as follows:

(1) Except in the case of a sale where delivery of a public offering statement is required, or unless exempt under RCW 64.34.400(2), a unit owner shall furnish to a purchaser before execution of any contract for sale of a unit, or otherwise before conveyance, a resale certificate, signed by an officer or authorized agent of the association and based on the books and records of the association and the actual knowledge of the person signing the certificate, containing:

(a) A statement disclosing any right of first refusal or other restraint on the free alienability of the unit contained in the declaration;

(b) A statement setting forth the amount of the monthly common expense assessment and any unpaid common expense or special assessment currently due and payable from the selling unit owner and a statement of any special assessments that have been levied against the unit which have not been paid even though not yet due;

(c) A statement, which shall be current to within forty-five days, of any common expenses or special assessments against any unit in the condominium that are past due over thirty days;

(d) A statement, which shall be current to within forty-five days, of any obligation of the association which is past due over thirty days;

(e) A statement of any other fees payable by unit owners;

(f) A statement of any anticipated repair or replacement cost in excess of five percent of the annual budget of the association that has been approved by the board of directors;

(g) A statement of the amount of any reserves for repair or replacement and of any portions of those reserves currently designated by the association for any specified projects;

(h) The annual financial statement of the association, including the audit report if it has been prepared, for the year immediately preceding the current year;

(i) A balance sheet and a revenue and expense statement of the association prepared on an accrual basis, which shall be current to within one hundred twenty days;

(j) The current operating budget of the association;

(k) A statement of any unsatisfied judgments against the association and the status of any pending suits or legal proceedings in which the association is a plaintiff or defendant;

(l) A statement describing any insurance coverage provided for the benefit of unit owners;

(m) A statement as to whether there are any alterations or improvements to the unit or to the limited common elements assigned thereto that violate any provision of the declaration;

(n) A statement of the number of units, if any, still owned by the declarant, whether the declarant has transferred control of the association to the unit owners, and the date of such transfer;

(o) A statement as to whether there are any violations of the health or building codes with respect to the unit, the limited common elements assigned thereto, or any other portion of the condominium;

(p) A statement of the remaining term of any leasehold estate affecting the condominium and the provisions governing any extension or renewal thereof;

(q) A copy of the declaration, the bylaws, the rules or regulations of the association, the association's current reserve study, if any, and any other information reasonably requested by mortgagees of prospective purchasers of units. Information requested generally by the federal national mortgage association, the federal home loan bank board, the government national mortgage association, the veterans administration and the department of housing and urban development shall be deemed reasonable, provided such information is reasonably available to the association; ~~(and)~~

(r) A statement, as required by RCW 64.35.210, as to whether the units or common elements of the condominium are covered by a qualified warranty, and a history of claims under any such warranty; and

(s) If the association does not have a reserve study that has been prepared in accordance with sections 1 and 2 of this act or its governing documents, the following disclosure:

"This association does not have a current reserve study. The lack of a current reserve study poses certain risks to you, the purchaser. Insufficient reserves may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a common element."

(2) The association, within ten days after a request by a unit owner, and subject to payment of any fee imposed pursuant to RCW 64.34.304(1)(l), shall furnish a resale certificate signed by an officer or authorized agent of the association and containing the information necessary to enable the unit owner to

comply with this section. For the purposes of this chapter, a reasonable charge for the preparation of a resale certificate may not exceed one hundred fifty dollars. The association may charge a unit owner a nominal fee for updating a resale certificate within six months of the unit owner's request. The unit owner shall also sign the certificate but the unit owner is not liable to the purchaser for any erroneous information provided by the association and included in the certificate unless and to the extent the unit owner had actual knowledge thereof.

(3) A purchaser is not liable for any unpaid assessment or fee against the unit as of the date of the certificate greater than the amount set forth in the certificate prepared by the association unless and to the extent such purchaser had actual knowledge thereof. A unit owner is not liable to a purchaser for the failure or delay of the association to provide the certificate in a timely manner, but the purchaser's contract is voidable by the purchaser until the certificate has been provided and for five days thereafter or until conveyance, whichever occurs first.

Passed by the Senate March 8, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 21, 2008.

Filed in Office of Secretary of State March 24, 2008.

CHAPTER 116

[Engrossed Second Substitute House Bill 1621]

MANUFACTURED/MOBILE HOME COMMUNITIES

AN ACT Relating to the preservation of manufactured/mobile home communities; amending RCW 59.20.030, 82.45.010, and 59.22.050; adding new sections to chapter 59.20 RCW; creating a new section; and repealing RCW 59.23.005, 59.23.010, 59.23.015, 59.23.020, 59.23.025, 59.23.030, 59.23.035, and 59.23.040.

Be it enacted by the Legislature of the State of Washington:

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

(a) Manufactured/mobile home communities provide a significant source of homeownership opportunities for Washington residents. However, the increasing closure and conversion of manufactured/mobile home communities to other uses, combined with increasing mobile home lot rents, low vacancy rates in existing manufactured/mobile home communities, and the extremely high cost of moving homes when manufactured/mobile home communities close, increasingly make manufactured/mobile home community living insecure for manufactured/mobile home tenants.

(b) Many tenants who reside in manufactured/mobile home communities are low-income households and senior citizens and are, therefore, those residents most in need of reasonable security in the siting of their manufactured/mobile homes because of the adverse impacts on the health, safety, and welfare of tenants forced to move due to closure, change of use, or discontinuance of manufactured/mobile home communities.

(c) The preservation of manufactured/mobile home communities:

(i) Is a more economical alternative than providing new replacement housing units for tenants who are displaced from closing manufactured/mobile home communities;

(ii) Is a strategy by which all local governments can meet the affordable housing needs of their residents;

(iii) Is a strategy by which local governments planning under RCW 36.70A.040 may meet the housing element of their comprehensive plans as it relates to the provision of housing affordable to all economic sectors; and

(iv) Should be a goal of all housing authorities and local governments.

(d) The loss of manufactured/mobile home communities should not result in a net loss of affordable housing, thus compromising the ability of local governments to meet the affordable housing needs of its residents and the ability of these local governments planning under RCW 36.70A.040 to meet affordable housing goals under chapter 36.70A RCW.

(e) The closure of manufactured/mobile home communities has serious environmental, safety, and financial impacts, including:

(i) Homes that cannot be moved to other locations add to Washington's landfills;

(ii) Homes that are abandoned might attract crime; and

(iii) Vacant homes that will not be reoccupied need to be tested for asbestos and lead, and these toxic materials need to be removed prior to demolition.

(f) The self-governance aspect of tenants owning manufactured/mobile home communities results in a lesser usage of police resources as tenants experience fewer societal conflicts when they own the real estate as well as their homes.

(g) Housing authorities, by their creation and purpose, are the public body corporate and politic of the city or county responsible for addressing the availability of safe and sanitary dwelling accommodations available to persons of low income, senior citizens, and others.

(2) It is the intent of the legislature to encourage and facilitate the preservation of existing manufactured/mobile home communities in the event of voluntary sales of manufactured/mobile home communities and, to the extent necessary and possible, to involve manufactured/mobile home community tenants or an eligible organization representing the interests of tenants, such as a nonprofit organization, housing authority, or local government, in the preservation of manufactured/mobile home communities.

Sec. 2. RCW 59.20.030 and 2003 c 127 s 1 are each amended to read as follows:

For purposes of this chapter:

(1) "Abandoned" as it relates to a mobile home, manufactured home, or park model owned by a tenant in a mobile home park, mobile home park cooperative, or mobile home park subdivision or tenancy in a mobile home lot means the tenant has defaulted in rent and by absence and by words or actions reasonably indicates the intention not to continue tenancy;

(2) "Eligible organization" includes local governments, local housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or statewide nonprofit housing assistance organizations;

(3) "Housing authority" or "authority" means any of the public body corporate and politic created in RCW 35.82.030;

(4) "Landlord" means the owner of a mobile home park and includes the agents of a landlord;

~~((3))~~ (5) "Local government" means a town government, city government, code city government, or county government in the state of Washington;

(6) "Manufactured home" means a single-family dwelling built according to the United States department of housing and urban development manufactured home construction and safety standards act, which is a national preemptive building code. A manufactured home also: (a) Includes plumbing, heating, air conditioning, and electrical systems; (b) is built on a permanent chassis; and (c) can be transported in one or more sections with each section at least eight feet wide and forty feet long when transported, or when installed on the site is three hundred twenty square feet or greater;

~~((4))~~ (7) "Manufactured/mobile home" means either a manufactured home or a mobile home;

(8) "Mobile home" means a factory-built dwelling built prior to June 15, 1976, to standards other than the United States department of housing and urban development code, and acceptable under applicable state codes in effect at the time of construction or introduction of the home into the state. Mobile homes have not been built since the introduction of the United States department of housing and urban development manufactured home construction and safety act;

~~((5))~~ (9) "Mobile home lot" means a portion of a mobile home park or manufactured housing community designated as the location of one mobile home, manufactured home, or park model and its accessory buildings, and intended for the exclusive use as a primary residence by the occupants of that mobile home, manufactured home, or park model;

~~((6))~~ (10) "Mobile home park," ~~((6))~~ "manufactured housing community," or "manufactured/mobile home community" means any real property which is rented or held out for rent to others for the placement of two or more mobile homes, manufactured homes, or park models for the primary purpose of production of income, except where such real property is rented or held out for rent for seasonal recreational purpose only and is not intended for year-round occupancy;

~~((7))~~ (11) "Mobile home park cooperative" or "manufactured housing cooperative" means real property consisting of common areas and two or more lots held out for placement of mobile homes, manufactured homes, or park models in which both the individual lots and the common areas are owned by an association of shareholders which leases or otherwise extends the right to occupy individual lots to its own members;

~~((8))~~ (12) "Mobile home park subdivision" or "manufactured housing subdivision" means real property, whether it is called a subdivision, condominium, or planned unit development, consisting of common areas and two or more lots held for placement of mobile homes, manufactured homes, or park models in which there is private ownership of the individual lots and common, undivided ownership of the common areas by owners of the individual lots;

~~((9))~~ (13) "Notice of sale" means a notice required under section 4 of this act to be delivered to all tenants of a manufactured/mobile home community and other specified parties within fourteen days after the date on which any advertisement, multiple listing, or public notice advertises that a manufactured/mobile home community is for sale;

(14) "Park model" means a recreational vehicle intended for permanent or semi-permanent installation and is used as a primary residence;

~~((10))~~ (15) "Qualified sale of manufactured/mobile home community" means the sale, as defined in RCW 82.45.010, of land and improvements comprising a manufactured/mobile home community that is transferred in a single purchase to a qualified tenant organization or to an eligible organization for the purpose of preserving the property as a manufactured/mobile home community;

(16) "Qualified tenant organization" means a formal organization of tenants within a manufactured/mobile home community, with the only requirement for membership consisting of being a tenant;

(17) "Recreational vehicle" means a travel trailer, motor home, truck camper, or camping trailer that is primarily designed and used as temporary living quarters, is either self-propelled or mounted on or drawn by another vehicle, is transient, is not occupied as a primary residence, and is not immobilized or permanently affixed to a mobile home lot;

~~((11))~~ (18) "Tenant" means any person, except a transient, who rents a mobile home lot;

~~((12))~~ (19) "Transient" means a person who rents a mobile home lot for a period of less than one month for purposes other than as a primary residence;

~~((13))~~ (20) "Occupant" means any person, including a live-in care provider, other than a tenant, who occupies a mobile home, manufactured home, or park model and mobile home lot.

Sec. 3. RCW 82.45.010 and 2000 2nd sp.s. c 4 s 26 are each amended to read as follows:

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

(2) The term "sale" also includes the transfer or acquisition within any twelve-month period of a controlling interest in any entity with an interest in real property located in this state for a valuable consideration. For purposes of this subsection, all acquisitions of persons acting in concert shall be aggregated for purposes of determining whether a transfer or acquisition of a controlling interest has taken place. The department of revenue shall adopt standards by rule to determine when persons are acting in concert. In adopting a rule for this purpose, the department shall consider the following:

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

(b) When persons are not commonly owned or controlled, they shall be treated as acting in concert only when the unity with which the purchasers have

negotiated and will consummate the transfer of ownership interests supports a finding that they are acting as a single entity. If the acquisitions are completely independent, with each purchaser buying without regard to the identity of the other purchasers, then the acquisitions shall be considered separate acquisitions.

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

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

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

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

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

(e) The assignment of property or interest in property from one spouse to the other in accordance with the terms of a decree of divorce or in fulfillment of a property settlement agreement.

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

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

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

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

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

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

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

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

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

(o) A transfer of real property, however effected, if it consists of a mere change in identity or form of ownership of an entity where there is no change in the beneficial ownership. These include transfers to a corporation or partnership which is wholly owned by the transferor and/or the transferor's spouse or children: PROVIDED, That if thereafter such transferee corporation or partnership voluntarily transfers such real property, or such transferor, spouse, or children voluntarily transfer stock in the transferee corporation or interest in the transferee partnership capital, as the case may be, to other than (1) the transferor and/or the transferor's spouse or children, (2) a trust having the transferor and/or

the transferor's spouse or children as the only beneficiaries at the time of the transfer to the trust, or (3) a corporation or partnership wholly owned by the original transferor and/or the transferor's spouse or children, within three years of the original transfer to which this exemption applies, and the tax on the subsequent transfer has not been paid within sixty days of becoming due, excise taxes shall become due and payable on the original transfer as otherwise provided by law.

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

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

(q) A qualified sale of a manufactured/mobile home community, as defined in RCW 59.20.030, that takes place on or after the effective date of this act but before December 31, 2018.

NEW SECTION. Sec. 4. A new section is added to chapter 59.20 RCW to read as follows:

(1) A landlord must provide a written notice of sale of a manufactured/mobile home community by certified mail or personal delivery to:

- (a) Each tenant of the manufactured/mobile home community;
- (b) The officers of any known qualified tenant organization;
- (c) The office of manufactured housing;
- (d) The local government within whose jurisdiction all or part of the manufactured/mobile home community exists;
- (e) The housing authority within whose jurisdiction all or part of the manufactured/mobile home community exists; and
- (f) The Washington state housing finance commission.

(2) A notice of sale must include:

(a) A statement that the landlord intends to sell the manufactured/mobile home community; and

(b) The contact information of the landlord or landlord's agent who is responsible for communicating with the qualified tenant organization or eligible organization regarding the sale of the property.

NEW SECTION. Sec. 5. A new section is added to chapter 59.20 RCW to read as follows:

A landlord intending to sell a manufactured/mobile home community is encouraged to negotiate in good faith with qualified tenant organizations and eligible organizations.

Sec. 6. RCW 59.22.050 and 2007 c 432 s 9 are each amended to read as follows:

(1) In order to provide general assistance to manufactured/mobile home resident organizations, qualified tenant organizations, manufactured/mobile home community or park owners, and landlords and tenants, the department shall establish an office of (~~mobile home affairs~~) manufactured housing.

This office will provide (~~an ombudsman service to mobile home park owners and mobile home tenants with respect to problems and disputes between park owners and park residents and to provide~~), either directly or through contracted services, technical assistance to qualified tenant organizations as defined in RCW 59.20.030 and resident organizations or persons in the process of forming a resident organization pursuant to chapter 59.22 RCW. The office will keep records of its activities in this area.

(2) The office shall administer the mobile home relocation assistance program established in chapter 59.21 RCW, including verifying the eligibility of tenants for relocation assistance.

NEW SECTION. Sec. 7. The following acts or parts of acts are each repealed:

- (1) RCW 59.23.005 (Findings—Intent) and 1993 c 66 s 1;
- (2) RCW 59.23.010 (Obligation of good faith) and 1993 c 66 s 2;
- (3) RCW 59.23.015 (Application of chapter—Definition of "notice") and 1993 c 66 s 3;
- (4) RCW 59.23.020 (Definitions) and 1993 c 66 s 4;
- (5) RCW 59.23.025 (Notice to qualified tenant organization of sale of mobile home park—Time frame for negotiations—Terms—Transfer or sale to relatives) and 1993 c 66 s 5;
- (6) RCW 59.23.030 (Improper notice by mobile home park owner—Sale may be set aside—Attorneys' fees) and 1993 c 66 s 6;
- (7) RCW 59.23.035 (Notice to mobile home park owner of sale of tenant's mobile home—Time frame for negotiations—Terms—Transfer or sale to relatives) and 1993 c 66 s 7; and
- (8) RCW 59.23.040 (Improper notice by mobile home owner—Sale may be set aside—Attorneys' fees) and 1993 c 66 s 8.

NEW SECTION. Sec. 8. 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.

Passed by the House March 8, 2008.

Passed by the Senate March 5, 2008.

Approved by the Governor March 21, 2008.

Filed in Office of Secretary of State March 24, 2008.

CHAPTER 117

[Substitute Senate Bill 5524]

MOBILE AND MANUFACTURED HOME LOCATIONS

AN ACT Relating to the restriction of mobile home or manufactured home locations in mobile home parks or manufactured housing communities; and amending RCW 35.21.684, 35A.21.312, and 36.01.225.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 35.21.684 and 2004 c 256 s 2 are each amended to read as follows:

(1) A city or town may not ~~((enact any statute or))~~ adopt an ordinance that has the effect, directly or indirectly, of discriminating against consumers' choices in the placement or use of a home in such a manner that is not equally applicable to all homes. Homes built to 42 U.S.C. Sec. 5401-5403 standards (as amended in 2000) must be regulated for the purposes of siting in the same manner as site built homes, factory built homes, or homes built to any other state construction or local design standard. However, except as provided in subsection (2) of this section, any city or town may require that:

- (a) A manufactured home be a new manufactured home;
- (b) The manufactured home be set upon a permanent foundation, as specified by the manufacturer, and that the space from the bottom of the home to the ground be enclosed by concrete or an approved concrete product which can be either load bearing or decorative;
- (c) The manufactured home comply with all local design standards applicable to all other homes within the neighborhood in which the manufactured home is to be located;
- (d) The home is thermally equivalent to the state energy code; and
- (e) The manufactured home otherwise meets all other requirements for a designated manufactured home as defined in RCW 35.63.160.

A city with a population of one hundred thirty-five thousand or more may choose to designate its building official as the person responsible for issuing all permits, including department of labor and industries permits issued under chapter 43.22 RCW in accordance with an interlocal agreement under chapter 39.34 RCW, for alterations, remodeling, or expansion of manufactured housing located within the city limits under this section.

(2) A city or town may not adopt an ordinance that has the effect, directly or indirectly, of restricting the location of mobile homes or manufactured homes in mobile home parks or manufactured housing communities, as defined in RCW 59.20.030, which were legally in existence before the effective date of this section, based exclusively on the age or dimensions of the mobile home or manufactured home. This does not preclude a city or town from restricting the location of a mobile home or manufactured home in mobile home parks or manufactured housing communities for any other reason including, but not limited to, failure to comply with fire, safety, or other local ordinances or state laws related to mobile homes and manufactured homes.

(3) This section does not override any legally recorded covenants or deed restrictions of record.

~~((3))~~ (4) This section does not affect the authority granted under chapter 43.22 RCW.

Sec. 2. RCW 35A.21.312 and 2004 c 256 s 3 are each amended to read as follows:

(1) A code city may not ~~((enact any statute or))~~ adopt an ordinance that has the effect, directly or indirectly, of discriminating against consumers' choices in the placement or use of a home in such a manner that is not equally applicable to all homes. Homes built to 42 U.S.C. Sec. 5401-5403 standards (as amended in 2000) must be regulated for the purposes of siting in the same manner as site built homes, factory built homes, or homes built to any other state construction or local design standard. However, except as provided in subsection (2) of this section, any code city may require that:

- (a) A manufactured home be a new manufactured home;
- (b) The manufactured home be set upon a permanent foundation, as specified by the manufacturer, and that the space from the bottom of the home to the ground be enclosed by concrete or an approved concrete product which can be either load bearing or decorative;
- (c) The manufactured home comply with all local design standards applicable to all other homes within the neighborhood in which the manufactured home is to be located;
- (d) The home is thermally equivalent to the state energy code; and
- (e) The manufactured home otherwise meets all other requirements for a designated manufactured home as defined in RCW 35.63.160.

A code city with a population of one hundred thirty-five thousand or more may choose to designate its building official as the person responsible for issuing all permits, including department of labor and industries permits issued under chapter 43.22 RCW in accordance with an interlocal agreement under chapter 39.34 RCW, for alterations, remodeling, or expansion of manufactured housing located within the city limits under this section.

(2) A code city may not adopt an ordinance that has the effect, directly or indirectly, of restricting the location of mobile homes or manufactured homes in mobile home parks or manufactured housing communities, as defined in RCW 59.20.030, which were legally in existence before the effective date of this section, based exclusively on the age or dimensions of the mobile home or manufactured home. This does not preclude a code city from restricting the location of a mobile home or manufactured home in mobile home parks or manufactured housing communities for any other reason including, but not limited to, failure to comply with fire, safety, or other local ordinances or state laws related to mobile homes and manufactured homes.

(3) This section does not override any legally recorded covenants or deed restrictions of record.

~~((3))~~ (4) This section does not affect the authority granted under chapter 43.22 RCW.

Sec. 3. RCW 36.01.225 and 2004 c 256 s 4 are each amended to read as follows:

(1) A county may not ~~((enact any statute or))~~ adopt an ordinance that has the effect, directly or indirectly, of discriminating against consumers' choices in the placement or use of a home in such a manner that is not equally applicable to all homes. Homes built to 42 U.S.C. Sec. 5401-5403 standards (as amended in 2000) must be regulated for the purposes of siting in the same manner as site built homes, factory built homes, or homes built to any other state construction

or local design standard. However, except as provided in subsection (2) of this section, any county may require that:

- (a) A manufactured home be a new manufactured home;
- (b) The manufactured home be set upon a permanent foundation, as specified by the manufacturer, and that the space from the bottom of the home to the ground be enclosed by concrete or an approved concrete product which can be either load bearing or decorative;
- (c) The manufactured home comply with all local design standards applicable to all other homes within the neighborhood in which the manufactured home is to be located;
- (d) The home is thermally equivalent to the state energy code; and
- (e) The manufactured home otherwise meets all other requirements for a designated manufactured home as defined in RCW 35.63.160.

(2) A county may not adopt an ordinance that has the effect, directly or indirectly, of restricting the location of mobile homes or manufactured homes in mobile home parks or manufactured housing communities, as defined in RCW 59.20.030, which were legally in existence before the effective date of this section, based exclusively on the age or dimensions of the mobile home or manufactured home. This does not preclude a county from restricting the location of a mobile home or manufactured home in mobile home parks or manufactured housing communities for any other reason including, but not limited to, failure to comply with fire, safety, or other local ordinances or state laws related to mobile homes and manufactured homes.

(3) This section does not override any legally recorded covenants or deed restrictions of record.

~~((3))~~ (4) This section does not affect the authority granted under chapter 43.22 RCW.

Passed by the Senate February 1, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 21, 2008.

Filed in Office of Secretary of State March 24, 2008.

CHAPTER 118

[Substitute House Bill 2279]

AFFORDABLE HOUSING DEVELOPMENTS

AN ACT Relating to prohibiting discrimination against affordable housing developments; adding a new chapter to Title 43 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. It is the public policy of the state to assist in making affordable housing available throughout the state. The legislature recognizes that despite ongoing efforts there is still a lack of affordable housing in many areas. The legislature also recognizes that some local governments have imposed development requirements on affordable housing developments that are not generally imposed on other housing developments. The intent of this legislature is to prohibit discrimination against affordable housing developments.

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

(1) "Affordable housing development" means a housing development in which at least twenty-five percent of the dwelling units within the development are set aside for or are occupied by low-income households at a sales price or rent amount that is considered affordable by a federal, state, or local government housing program.

(2) "Dwelling unit" means that part of a housing development that is used as a home, residence, or place to sleep by one person or two or more persons maintaining a common household.

(3) "Housing development" means a proposed or existing structure that is used as a home, residence, or place to sleep by one or more persons including, but not limited to, single-family residences, manufactured homes, multifamily housing, group homes, and foster care facilities.

(4) "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is less than eighty percent of the median family income, adjusted for household size, for the county where the affordable housing development is located.

NEW SECTION. Sec. 3. (1) A city, county, or other local governmental entity or agency may not adopt, impose, or enforce requirements on an affordable housing development that are different than the requirements imposed on housing developments generally.

(2) This section does not prohibit any city, county, or other local governmental entity or agency from extending preferential treatment to affordable housing developments intended for including, but not limited to, occupancy by homeless persons, farmworkers, persons with disabilities, senior citizens, or low-income households. Preferential treatment may include, but is not limited to: A reduction or waiver of fees or changes in applicable requirements including, without limitation, architectural requirements, site development requirements, property line requirements, building setback requirements, or vehicle parking requirements; or other treatment that reduces or is likely to reduce the development or operating costs of an affordable housing development.

(3) A city, county, or other local governmental entity or agency may impose and enforce requirements on affordable housing developments as conditions of loans, grants, financial support, tax benefits, subsidy funds, or sale or lease of public property, or as conditions to eligibility for any affordable housing incentive program under RCW 36.70A.540 or any other program involving bonus density, transfer of development rights, waiver of development regulations or fees, or other development incentives.

NEW SECTION. Sec. 4. Sections 2 and 3 of this act constitute a new chapter in Title 43 RCW.

Passed by the House March 13, 2008.

Passed by the Senate March 13, 2008.

Approved by the Governor March 21, 2008.

Filed in Office of Secretary of State March 24, 2008.

CHAPTER 119

[Engrossed Substitute Senate Bill 6606]

HOME INSPECTOR LICENSING

AN ACT Relating to the licensing of home inspectors; amending RCW 18.235.020 and 43.24.150; adding a new section to chapter 15.58 RCW; adding a new section to chapter 18.85 RCW; adding a new chapter to Title 18 RCW; creating a new section; and prescribing penalties.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

- (1) "Board" means the home inspector advisory licensing board.
- (2) "Department" means the department of licensing.
- (3) "Director" means the director of the department of licensing.
- (4) "Entity" or "entities" means educational groups or organizations, national organizations or associations, or a national test organization.
- (5) "Home inspection" means a professional examination of the current condition of a house.

(6) "Home inspector" means a person who carries out a noninvasive examination of the condition of a home, often in connection with the sale of that home, using special training and education to carry out the inspection.

(7) "Report" means a written report prepared and issued after a home inspection.

(8) "Wood destroying organism" means insects or fungi that consume, excavate, develop in, or otherwise modify the integrity of wood or wood products. "Wood destroying organism" includes but is not limited to carpenter ants, moisture ants, subterranean termites, dampwood termites, beetles in the family Anobiidae, and wood decay fungi, known as wood rot.

NEW SECTION. Sec. 2. LICENSURE REQUIRED. (1) Beginning September 1, 2009, a person shall not engage in or conduct, or advertise or hold himself or herself out as engaging in or conducting, the business of or acting in the capacity of a home inspector within this state without first obtaining a license as provided in this chapter.

(2) Any person performing the duties of a home inspector on the effective date of this act has until July 1, 2010, to meet the licensing requirements of this chapter. However, if a person performing the duties of a home inspector on the effective date of this act has proof that he or she has worked as a home inspector for at least two years and has conducted at least one hundred home inspections, he or she may apply to the board before September 1, 2009, for licensure without meeting the instruction and training requirements of this chapter.

(3) The director may begin issuing licenses under this section beginning on July 1, 2009.

NEW SECTION. Sec. 3. DUTIES OF A LICENSED HOME INSPECTOR. A person licensed under this chapter is responsible for performing a visual and noninvasive inspection of the following readily accessible systems and components of a home and reporting on the general condition of those systems and components at the time of the inspection in his or her written report: The roof, foundation, exterior, heating system, air-conditioning system, structure, plumbing and electrical systems, and other aspects of the home as may be identified by the board. The inspection must include looking for certain fire

and safety hazards as defined by the board. The standards of practice to be developed by the board will be used as the minimum standards for an inspection. The duties of the home inspector with regard to wood destroying organisms are provided in section 19 of this act.

NEW SECTION. Sec. 4. HOME INSPECTOR ADVISORY LICENSING BOARD. (1) The state home inspector advisory licensing board is created. The board consists of seven members appointed by the governor, who shall advise the director concerning the administration of this chapter. Of the appointments to this board, six must be actively engaged as home inspectors immediately prior to their appointment to the board, and one must be currently teaching in a home inspector education program. Insofar as possible, the composition of the appointed home inspector members of the board must be generally representative of the geographic distribution of home inspectors licensed under this chapter. No more than two board members may be members of a particular national home inspector association or organization.

(2) A home inspector must have the following qualifications to be appointed to the board:

(a) Actively engaged as a home inspector in the state of Washington for five years;

(b) Licensed as a home inspector under this chapter, except for initial appointments; and

(c) Performed a minimum of five hundred home inspections in the state of Washington.

(3) Members of the board are appointed for three-year terms. Terms must be staggered so that not more than two appointments are scheduled to be made in any calendar year. Members hold office until the expiration of the terms for which they were appointed. The governor may remove a board member for just cause. The governor may appoint a new member to fill a vacancy on the board for the remainder of the unexpired term. All board members are limited to two consecutive terms.

(4) Each board member is entitled to compensation for each day spent conducting official business and to reimbursement for travel expenses in accordance with RCW 43.03.240, 43.03.050, and 43.03.060.

NEW SECTION. Sec. 5. DIRECTOR'S AUTHORITY. The director has the following authority in administering this chapter:

(1) To adopt, amend, and rescind rules approved by the board as deemed necessary to carry out this chapter;

(2) To administer licensing examinations approved by the board and to adopt or recognize examinations prepared by other entities as approved by the board;

(3) To adopt standards of professional conduct, practice, and ethics as approved by the board; and

(4) To adopt fees as provided in RCW 43.24.086.

NEW SECTION. Sec. 6. BOARD'S AUTHORITY. The board has the following authority in administering this chapter:

(1) To establish rules, including board organization and assignment of terms, and meeting frequency and timing, for adoption by the director;

(2) To establish the minimum qualifications for licensing applicants as provided in this chapter;

(3) To approve the method of administration of examinations required by this chapter or by rule as established by the director;

(4) To approve the content of or recognition of examinations prepared by other entities for adoption by the director;

(5) To set the time and place of examinations with the approval of the director; and

(6) To establish and review standards of professional conduct, practice, and ethics for adoption by the director. These standards must address what constitutes certain fire and safety hazards as used in section 3 of this act.

NEW SECTION. Sec. 7. QUALIFICATIONS FOR LICENSURE. In order to become licensed as a home inspector, an applicant must submit the following to the department:

(1) An application on a form developed by the department;

(2) Proof of a minimum of one hundred twenty hours of classroom instruction approved by the board;

(3) Proof of up to forty hours of field training supervised by a licensed home inspector;

(4) Evidence of successful passage of the written exam as required in section 8 of this act; and

(5) The fee in the amount set by the department.

NEW SECTION. Sec. 8. WRITTEN EXAMS. Applicants for licensure must pass an exam that is psychometrically valid, reliable, and legally defensible by the state. The exam is to be developed, maintained, and administered by the department. The board shall recommend to the director whether to use an exam that is prepared by a national entity. If an exam prepared by a national entity is used, a section specific to Washington shall be developed by the director and included as part of the entire exam.

NEW SECTION. Sec. 9. LICENSE LENGTH AND RENEWAL. Licenses are issued for a term of two years and expire on the applicant's second birthday following issuance of the license.

NEW SECTION. Sec. 10. ADVERTISING. The term "licensed home inspector" and the license number of the inspector must appear on all advertising, correspondence, and documents incidental to a home inspection. However, businesses and organizations that conduct national or interstate general marketing and advertising campaigns may omit the license number of the inspector in advertising so long as it is included on all documents incident to a home inspection.

NEW SECTION. Sec. 11. CONTINUING EDUCATION REQUIREMENTS. (1) As a condition of renewing a license under this chapter, a licensed home inspector shall present satisfactory evidence to the board of having completed the continuing education requirements provided for in this section.

(2) Each applicant for license renewal shall complete at least twenty-four hours of instruction in courses approved by the board every two years.

NEW SECTION. Sec. 12. WRITTEN REPORTS. (1) A licensed home inspector shall provide a written report of the home inspection to each person for whom the inspector performs a home inspection within a time period set by the board in rule. The issues to be addressed in the report shall be set by the board in rule.

(2) A licensed home inspector, or other licensed home inspectors or employees who work for the same company or for any company in which the home inspector has a financial interest, shall not, from the time of the inspection until one year from the date of the report, perform any work other than home inspection-related consultation on the home upon which he or she has performed a home inspection.

NEW SECTION. Sec. 13. SUSPENSION OF LICENSE. (1) The director shall immediately suspend the license of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a child support order. If the person has continued to meet all other requirements for a license under this chapter during the suspension, reissuance of the license is automatic upon the board's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the child support order. The procedure in RCW 74.20A.320 is the exclusive administrative remedy for contesting the establishment of noncompliance with a child support order, and suspension of a license under this subsection, and satisfies the requirements of RCW 34.05.422.

(2) The director, with the assistance of the board, shall establish by rule under what circumstances a home inspector license may be suspended or revoked. These circumstances shall be based upon accepted industry standards and the board's cumulative experience.

(3) Any person aggrieved by a decision of the director under this section may appeal the decision as provided in chapter 34.05 RCW. The adjudicative proceeding shall be conducted under chapter 34.05 RCW by an administrative law judge appointed pursuant to RCW 34.12.030.

NEW SECTION. Sec. 14. CIVIL INFRACTIONS. The department has the authority to issue civil infractions under chapter 7.80 RCW in the following instances:

(1) Conducting or offering to conduct a home inspection without being licensed in accordance with this chapter;

(2) Presenting or attempting to use as his or her own the home inspector license of another;

(3) Giving any false or forged evidence of any kind to the director or his or her authorized representative in obtaining a license;

(4) Falsely impersonating any other licensee; or

(5) Attempting to use an expired or revoked license.

All fines and penalties collected or assessed by a court because of a violation of this section must be remitted to the department to be deposited into the business and professions account created in RCW 43.24.150.

NEW SECTION. Sec. 15. The uniform regulation of business and professions act, chapter 18.235 RCW, governs unlicensed practice, the issuance and denial of licenses, and the discipline of licensees under this chapter.

NEW SECTION. Sec. 16. RELIEF BY INJUNCTION. The director is authorized to apply for relief by injunction without bond, to restrain a person from the commission of any act that is prohibited under section 14 of this act. In such a proceeding, it is not necessary to allege or prove either that an adequate remedy at law does not exist, or that substantial or irreparable damage would result from continued violation. The director, individuals acting on the director's behalf, and members of the board are immune from suit in any action, civil or criminal, based on disciplinary proceedings or other official acts performed in the course of their duties in the administration and enforcement of this chapter.

NEW SECTION. Sec. 17. EXEMPTION FROM LICENSING. The following persons are exempt from the licensing requirements of this chapter when acting within the scope of their license or profession:

- (1) Engineers;
- (2) Architects;
- (3) Electricians licensed under chapter 19.28 RCW;
- (4) Plumbers licensed under chapter 18.106 RCW;
- (5) Pesticide operators licensed under chapter 17.21 RCW;
- (6) Structural pest inspectors licensed under chapter 15.58 RCW; or
- (7) Certified real estate appraisers licensed under chapter 18.140 RCW.

NEW SECTION. Sec. 18. RECIPROCITY. Persons licensed as home inspectors in other states may become licensed as home inspectors under this chapter as long as the other state has licensing requirements that meet or exceed those required under this chapter and the person seeking a license under this chapter passes the Washington portion of the exam under section 8 of this act.

NEW SECTION. Sec. 19. STRUCTURAL PEST INSPECTOR. Any person licensed under this chapter who is not also licensed as a pest inspector under chapter 15.58 RCW shall only refer in his or her report to rot or conducive conditions for wood destroying organisms and shall refer the identification of or damage by wood destroying insects to a structural pest inspector licensed under chapter 15.58 RCW.

NEW SECTION. Sec. 20. Captions used in this chapter are not any part of the law.

Sec. 21. RCW 18.235.020 and 2007 c 256 s 12 are each amended to read as follows:

(1) This chapter applies only to the director and the boards and commissions having jurisdiction in relation to the businesses and professions licensed under the chapters specified in this section. This chapter does not apply to any business or profession not licensed under the chapters specified in this section.

(2)(a) The director has authority under this chapter in relation to the following businesses and professions:

- (i) Auctioneers under chapter 18.11 RCW;
- (ii) Bail bond agents and bail bond recovery agents under chapter 18.185 RCW;
- (iii) Camping resorts' operators and salespersons under chapter 19.105 RCW;
- (iv) Commercial telephone solicitors under chapter 19.158 RCW;
- (v) Cosmetologists, barbers, manicurists, and estheticians under chapter 18.16 RCW;

- (vi) Court reporters under chapter 18.145 RCW;
- (vii) Driver training schools and instructors under chapter 46.82 RCW;
- (viii) Employment agencies under chapter 19.31 RCW;
- (ix) For hire vehicle operators under chapter 46.72 RCW;
- (x) Limousines under chapter 46.72A RCW;
- (xi) Notaries public under chapter 42.44 RCW;
- (xii) Private investigators under chapter 18.165 RCW;
- (xiii) Professional boxing, martial arts, and wrestling under chapter 67.08 RCW;
- (xiv) Real estate appraisers under chapter 18.140 RCW;
- (xv) Real estate brokers and salespersons under chapters 18.85 and 18.86 RCW;
- (xvi) Security guards under chapter 18.170 RCW;
- (xvii) Sellers of travel under chapter 19.138 RCW;
- (xviii) Timeshares and timeshare salespersons under chapter 64.36 RCW;
- ~~((and))~~
- (xix) Whitewater river outfitters under chapter 79A.60 RCW; and
- (xx) Home inspectors under chapter 18.— RCW (the new chapter created in section 25 of this act).

(b) The boards and commissions having authority under this chapter are as follows:

- (i) The state board of registration for architects established in chapter 18.08 RCW;
- (ii) The cemetery board established in chapter 68.05 RCW;
- (iii) The Washington state collection agency board established in chapter 19.16 RCW;
- (iv) The state board of registration for professional engineers and land surveyors established in chapter 18.43 RCW governing licenses issued under chapters 18.43 and 18.210 RCW;
- (v) The state board of funeral directors and embalmers established in chapter 18.39 RCW;
- (vi) The state board of registration for landscape architects established in chapter 18.96 RCW; and
- (vii) The state geologist licensing board established in chapter 18.220 RCW.

(3) In addition to the authority to discipline license holders, the disciplinary authority may grant or deny licenses based on the conditions and criteria established in this chapter and the chapters specified in subsection (2) of this section. This chapter also governs any investigation, hearing, or proceeding relating to denial of licensure or issuance of a license conditioned on the applicant's compliance with an order entered under RCW 18.235.110 by the disciplinary authority.

Sec. 22. RCW 43.24.150 and 2005 c 25 s 1 are each amended to read as follows:

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

- (a) Chapter 18.11 RCW, auctioneers;
- (b) Chapter 18.16 RCW, cosmetologists, barbers, and manicurists;

- (c) Chapter 18.96 RCW, landscape architects;
- (d) Chapter 18.145 RCW, court reporters;
- (e) Chapter 18.165 RCW, private investigators;
- (f) Chapter 18.170 RCW, security guards;
- (g) Chapter 18.185 RCW, bail bond agents;
- (h) Chapter 18.— RCW, home inspectors (the new chapter created in section 25 of this act):
 - (i) Chapter 19.16 RCW, collection agencies;
 - ~~((j))~~ (j) Chapter 19.31 RCW, employment agencies;
 - ~~((k))~~ (k) Chapter 19.105 RCW, camping resorts;
 - ~~((l))~~ (l) Chapter 19.138 RCW, sellers of travel;
 - ~~((m))~~ (m) Chapter 42.44 RCW, notaries public; and
 - ~~((n))~~ (n) Chapter 64.36 RCW, timeshares.

Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for expenses incurred in carrying out these business and professions licensing activities of the department. Any residue in the account shall be accumulated and shall not revert to the general fund at the end of the biennium.

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

NEW SECTION. Sec. 23. A new section is added to chapter 15.58 RCW to read as follows:

A person licensed as a home inspector under chapter 18.— RCW (the new chapter created in section 25 of this act) is exempt from licensing as a structural pest inspector except when reporting on the identification of or damage by wood destroying insects.

NEW SECTION. Sec. 24. A new section is added to chapter 18.85 RCW to read as follows:

The commission must establish procedures, to be adopted in rule by the director, for real estate agents to follow when providing potential home buyers with home inspector referrals.

NEW SECTION. Sec. 25. Sections 1 through 20 of this act constitute a new chapter in Title 18 RCW.

NEW SECTION. Sec. 26. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the Senate March 10, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 21, 2008.

Filed in Office of Secretary of State March 24, 2008.

CHAPTER 120

[Second Substitute Senate Bill 6732]

CONSTRUCTION—UNDERGROUND ECONOMY

AN ACT Relating to implementing the recommendations of the joint legislative task force on the underground economy in the construction industry; amending RCW 18.27.030, 18.27.100, 51.16.070, 50.13.060, 50.12.070, 51.48.103, and 51.48.020; amending 2007 c 288 s 2 (uncodified); adding a new section to chapter 39.12 RCW; adding new sections to chapter 18.27 RCW; adding a new section to chapter 43.22 RCW; creating new sections; and providing expiration dates.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 18.27.030 and 2007 c 436 s 3 are each amended to read as follows:

(1) An applicant for registration as a contractor shall submit an application under oath upon a form to be prescribed by the director and which shall include the following information pertaining to the applicant:

(a) Employer social security number.

(b) Unified business identifier number(~~(, if required by the department of revenue)~~).

(c) Evidence of workers' compensation coverage for the applicant's employees working in Washington, as follows:

(i) The applicant's industrial insurance account number issued by the department;

(ii) The applicant's self-insurer number issued by the department; or

(iii) For applicants domiciled in a state or province of Canada subject to an agreement entered into under RCW 51.12.120(7), as permitted by the agreement, filing a certificate of coverage issued by the agency that administers the workers' compensation law in the applicant's state or province of domicile certifying that the applicant has secured the payment of compensation under the other state's or province's workers' compensation law.

(d) Employment security department number.

(e) (~~State excise tax registration number.~~

~~(f))~~ Unified business identifier (UBI) account number may be substituted for the information required by (c) and (d) of this subsection if the applicant will not employ employees in Washington(~~(, and by (d) and (e) of this subsection)~~).

~~((g))~~ (f) Type of contracting activity, whether a general or a specialty contractor and if the latter, the type of specialty.

~~((h))~~ (g) The name and address of each partner if the applicant is a firm or partnership, or the name and address of the owner if the applicant is an individual proprietorship, or the name and address of the corporate officers and statutory agent, if any, if the applicant is a corporation or the name and address of all members of other business entities. The information contained in such application is a matter of public record and open to public inspection.

(2) The department may verify the workers' compensation coverage information provided by the applicant under subsection (1)(c) of this section, including but not limited to information regarding the coverage of an individual employee of the applicant. If coverage is provided under the laws of another state, the department may notify the other state that the applicant is employing employees in Washington.

(3)(a) The department shall deny an application for registration if: (i) The applicant has been previously performing work subject to this chapter as a sole

proprietor, partnership, corporation, or other entity and the department has notice that the applicant has an unsatisfied final judgment against him or her in an action based on work performed subject to this chapter or the applicant owes the department money for penalties assessed or fees due under this chapter as a result of a final judgment; (ii) the applicant was an owner, principal, or officer of a partnership, corporation, or other entity that either has an unsatisfied final judgment against it in an action that was incurred for work performed subject to this chapter or owes the department money for penalties assessed or fees due under this chapter as a result of a final judgment; ~~((or))~~ (iii) the applicant does not have a valid unified business identifier number ~~((, if required by the department of revenue))~~; (iv) the department determines that the applicant has falsified information on the application, unless the error was inadvertent; or (v) the applicant does not have an active and valid certificate of registration with the department of revenue.

(b) The department shall suspend an active registration if (i) the department has determined that the registrant has an unsatisfied final judgment against it for work within the scope of this chapter; (ii) the department has determined that the registrant is a sole proprietor or an owner, principal, or officer of a registered contractor that has an unsatisfied final judgment against it for work within the scope of this chapter; ~~((or))~~ (iii) the registrant does not maintain a valid unified business identifier number ~~((, if required by the department of revenue))~~; (iv) the department has determined that the registrant falsified information on the application, unless the error was inadvertent; or (v) the registrant does not have an active and valid certificate of registration with the department of revenue.

(c) The department may suspend an active registration if the department has determined that an owner, principal, partner, or officer of the registrant was an owner, principal, or officer of a previous partnership, corporation, or other entity that has an unsatisfied final judgment against it.

(4) The department shall not deny an application or suspend a registration because of an unsatisfied final judgment if the applicant's or registrant's unsatisfied final judgment was determined by the director to be the result of the fraud or negligence of another party.

Sec. 2. RCW 18.27.100 and 2001 c 159 s 8 are each amended to read as follows:

(1) Except as provided in RCW 18.27.065 for partnerships and joint ventures, no person who has registered under one name as provided in this chapter shall engage in the business, or act in the capacity, of a contractor under any other name unless such name also is registered under this chapter.

(2) All advertising and all contracts, correspondence, cards, signs, posters, papers, and documents which show a contractor's name or address shall show the contractor's name or address as registered under this chapter.

(3)(a) All advertising that shows the contractor's name or address shall show the contractor's current registration number. The registration number may be omitted in an alphabetized listing of registered contractors stating only the name, address, and telephone number: PROVIDED, That signs on motor vehicles subject to RCW 46.16.010 and on-premise signs shall not constitute advertising as provided in this section. All materials used to directly solicit business from retail customers who are not businesses shall show the contractor's current registration number. A contractor shall not use a false or expired registration

number in purchasing or offering to purchase an advertisement for which a contractor registration number is required. Advertising by airwave transmission shall not be subject to this subsection (3)(a).

(b) The director may issue a subpoena to any person or entity selling any advertising subject to this section for the name, address, and telephone number provided to the seller of the advertising by the purchaser of the advertising. The subpoena must have enclosed a stamped, self-addressed envelope and blank form to be filled out by the seller of the advertising. If the seller of the advertising has the information on file, the seller shall, within a reasonable time, return the completed form to the department. The subpoena must be issued no more than two days after the expiration of the issue or publication containing the advertising or after the broadcast of the advertising. The good-faith compliance by a seller of advertising with a written request of the department for information concerning the purchaser of advertising shall constitute a complete defense to any civil or criminal action brought against the seller of advertising arising from such compliance. Advertising by airwave or electronic transmission is subject to this subsection (3)(b).

(4) No contractor shall advertise that he or she is bonded and insured because of the bond required to be filed and sufficiency of insurance as provided in this chapter.

(5) A contractor shall not falsify a registration number and use it, or use an expired registration number, in connection with any solicitation or identification as a contractor. All individual contractors and all partners, associates, agents, salesmen, solicitors, officers, and employees of contractors shall use their true names and addresses at all times while engaged in the business or capacity of a contractor or activities related thereto.

(6) Any advertising by a person, firm, or corporation soliciting work as a contractor when that person, firm, or corporation is not registered pursuant to this chapter is a violation of this chapter.

(7) An applicant or registrant who falsifies information on an application for registration commits a violation under this section.

(8)(a) The finding of a violation of this section by the director at a hearing held in accordance with the Administrative Procedure Act, chapter 34.05 RCW, shall subject the person committing the violation to a penalty of not more than ten thousand dollars as determined by the director.

(b) Penalties under this section shall not apply to a violation determined to be an inadvertent error.

NEW SECTION. Sec. 3. A new section is added to chapter 39.12 RCW to read as follows:

A contractor shall not be allowed to bid on any public works contract for one year from the date of a final determination that the contractor has committed any combination of two of the following violations or infractions within a five-year period:

(1) Violated RCW 51.48.020(1) or 51.48.103; or

(2) Committed an infraction or violation under chapter 18.27 RCW for performing work as an unregistered contractor.

NEW SECTION. Sec. 4. A new section is added to chapter 18.27 RCW to read as follows:

A contractor found to have committed an infraction or violation under this chapter for performing work as an unregistered contractor shall, in addition to any penalties under this chapter, be subject to the penalties in section 3 of this act.

Sec. 5. RCW 51.16.070 and 1997 c 54 s 3 are each amended to read as follows:

(1)(a) Every employer shall keep at his or her place of business a record of his or her employment from which the information needed by the department may be obtained and such record shall at all times be open to the inspection of the director, supervisor of industrial insurance, or the traveling auditors, agents, or assistants of the department, as provided in RCW 51.48.040.

(b) An employer who contracts with another person or entity for work subject to chapter 18.27 or 19.28 RCW shall obtain and preserve a record of the unified business identifier account number for and the compensation paid to the person or entity performing the work. Failure to obtain or maintain the record is subject to RCW 39.06.010 and to a penalty under RCW 51.48.030.

(2) Information obtained from employing unit records under the provisions of this title shall be deemed confidential and shall not be open to public inspection (other than to public employees in the performance of their official duties), but any interested party shall be supplied with information from such records to the extent necessary for the proper presentation of the case in question: PROVIDED, That any employing unit may authorize inspection of its records by written consent.

Sec. 6. RCW 50.13.060 and 2005 c 274 s 322 are each amended to read as follows:

(1) Governmental agencies, including law enforcement agencies, prosecuting agencies, and the executive branch, whether state, local, or federal shall have access to information or records deemed private and confidential under this chapter if the information or records are needed by the agency for official purposes and:

(a) The agency submits an application in writing to the employment security department for the records or information containing a statement of the official purposes for which the information or records are needed and specific identification of the records or information sought from the department; and

(b) The director, commissioner, chief executive, or other official of the agency has verified the need for the specific information in writing either on the application or on a separate document; and

(c) The agency requesting access has served a copy of the application for records or information on the individual or employing unit whose records or information are sought and has provided the department with proof of service. Service shall be made in a manner which conforms to the civil rules for superior court. The requesting agency shall include with the copy of the application a statement to the effect that the individual or employing unit may contact the public records officer of the employment security department to state any objections to the release of the records or information. The employment security department shall not act upon the application of the requesting agency until at least five days after service on the concerned individual or employing unit. The employment security department shall consider any objections raised by the

concerned individual or employing unit in deciding whether the requesting agency needs the information or records for official purposes.

(2) The requirements of subsections (1) and (9) of this section shall not apply to the state legislative branch. The state legislature shall have access to information or records deemed private and confidential under this chapter, if the legislature or a legislative committee finds that the information or records are necessary and for official purposes. If the employment security department does not make information or records available as provided in this subsection, the legislature may exercise its authority granted by chapter 44.16 RCW.

(3) In cases of emergency the governmental agency requesting access shall not be required to formally comply with the provisions of subsection (1) of this section at the time of the request if the procedures required by subsection (1) of this section are complied with by the requesting agency following the receipt of any records or information deemed private and confidential under this chapter. An emergency is defined as a situation in which irreparable harm or damage could occur if records or information are not released immediately.

(4) The requirements of subsection (1)(c) of this section shall not apply to governmental agencies where the procedures would frustrate the investigation of possible violations of criminal laws or to the release of employing unit names, addresses, number of employees, and aggregate employer wage data for the purpose of state governmental agencies preparing small business economic impact statements under chapter 19.85 RCW or preparing cost-benefit analyses under RCW 34.05.328(1) (c) and (d). Information provided by the department and held to be private and confidential under state or federal laws must not be misused or released to unauthorized parties. A person who misuses such information or releases such information to unauthorized parties is subject to the sanctions in RCW 50.13.080.

(5) Governmental agencies shall have access to certain records or information, limited to such items as names, addresses, social security numbers, and general information about benefit entitlement or employer information possessed by the department, for comparison purposes with records or information possessed by the requesting agency to detect improper or fraudulent claims, or to determine potential tax liability or employer compliance with registration and licensing requirements. In those cases the governmental agency shall not be required to comply with subsection (1)(c) of this section, but the requirements of the remainder of subsection (1) of this section must be satisfied.

(6) Governmental agencies may have access to certain records and information, limited to employer information possessed by the department for purposes authorized in chapter 50.38 RCW. Access to these records and information is limited to only those individuals conducting authorized statistical analysis, research, and evaluation studies. Only in cases consistent with the purposes of chapter 50.38 RCW are government agencies not required to comply with subsection (1)(c) of this section, but the requirements of the remainder of subsection (1) of this section must be satisfied. Information provided by the department and held to be private and confidential under state or federal laws shall not be misused or released to unauthorized parties subject to the sanctions in RCW 50.13.080.

(7) Disclosure to governmental agencies of information or records obtained by the employment security department from the federal government shall be

governed by any applicable federal law or any agreement between the federal government and the employment security department where so required by federal law. When federal law does not apply to the records or information state law shall control.

(8) The department may provide information for purposes of statistical analysis and evaluation of the WorkFirst program or any successor state welfare program to the department of social and health services, the office of financial management, and other governmental entities with oversight or evaluation responsibilities for the program in accordance with RCW 43.20A.080. The confidential information provided by the department shall remain the property of the department and may be used by the authorized requesting agencies only for statistical analysis, research, and evaluation purposes as provided in RCW 74.08A.410 and 74.08A.420. The department of social and health services, the office of financial management, or other governmental entities with oversight or evaluation responsibilities for the program are not required to comply with subsection (1)(c) of this section, but the requirements of the remainder of subsection (1) of this section and applicable federal laws and regulations must be satisfied. The confidential information used for evaluation and analysis of welfare reform supplied to the authorized requesting entities with regard to the WorkFirst program or any successor state welfare program are exempt from public inspection and copying under chapter 42.56 RCW.

(9) The disclosure of any records or information by a governmental agency which has obtained the records or information under this section is prohibited unless the disclosure is (a) directly connected to the official purpose for which the records or information were obtained or (b) to another governmental agency which would be permitted to obtain the records or information under subsection (4) or (5) of this section.

(10) In conducting periodic salary or fringe benefit studies pursuant to law, the department of personnel shall have access to records of the employment security department as may be required for such studies. For such purposes, the requirements of subsection (1)(c) of this section need not apply.

(11)(a) To promote the reemployment of job seekers, the commissioner may enter into data-sharing contracts with partners of the one-stop career development system. The contracts shall provide for the transfer of data only to the extent that the transfer is necessary for the efficient provisions of workforce programs, including but not limited to public labor exchange, unemployment insurance, worker training and retraining, vocational rehabilitation, vocational education, adult education, transition from public assistance, and support services. The transfer of information under contracts with one-stop partners is exempt from subsection (1)(c) of this section.

(b) An individual who applies for services from the department and whose information will be shared under (a) of this subsection (11) must be notified that his or her private and confidential information in the department's records will be shared among the one-stop partners to facilitate the delivery of one-stop services to the individual. The notice must advise the individual that he or she may request that private and confidential information not be shared among the one-stop partners and the department must honor the request. In addition, the notice must:

(i) Advise the individual that if he or she requests that private and confidential information not be shared among one-stop partners, the request will in no way affect eligibility for services;

(ii) Describe the nature of the information to be shared, the general use of the information by one-stop partner representatives, and among whom the information will be shared;

(iii) Inform the individual that shared information will be used only for the purpose of delivering one-stop services and that further disclosure of the information is prohibited under contract and is not subject to disclosure under chapter 42.56 RCW; and

(iv) Be provided in English and an alternative language selected by the one-stop center or job service center as appropriate for the community where the center is located.

If the notice is provided in-person, the individual who does not want private and confidential information shared among the one-stop partners must immediately advise the one-stop partner representative of that decision. The notice must be provided to an individual who applies for services telephonically, electronically, or by mail, in a suitable format and within a reasonable time after applying for services, which shall be no later than ten working days from the department's receipt of the application for services. A one-stop representative must be available to answer specific questions regarding the nature, extent, and purpose for which the information may be shared.

(12) To facilitate improved operation and evaluation of state programs, the commissioner may enter into data-sharing contracts with other state agencies only to the extent that such transfer is necessary for the efficient operation or evaluation of outcomes for those programs. The transfer of information by contract under this subsection is exempt from subsection (1)(c) of this section.

(13) The misuse or unauthorized release of records or information by any person or organization to which access is permitted by this chapter subjects the person or organization to a civil penalty of five thousand dollars and other applicable sanctions under state and federal law. Suit to enforce this section shall be brought by the attorney general and the amount of any penalties collected shall be paid into the employment security department administrative contingency fund. The attorney general may recover reasonable attorneys' fees for any action brought to enforce this section.

Sec. 7. RCW 50.12.070 and 2007 c 146 s 1 are each amended to read as follows:

(1)(a) Each employing unit shall keep true and accurate work records, containing such information as the commissioner may prescribe. Such records shall be open to inspection and be subject to being copied by the commissioner or his or her authorized representatives at any reasonable time and as often as may be necessary. The commissioner may require from any employing unit any sworn or unsworn reports with respect to persons employed by it, which he or she deems necessary for the effective administration of this title.

(b) An employer who contracts with another person or entity for work subject to chapter 18.27 or 19.28 RCW shall obtain and preserve a record of the unified business identifier account number for and compensation paid to the person or entity performing the work. Failure to obtain or maintain the record is subject to RCW 39.06.010 and to a penalty determined by the commissioner, but

not to exceed two hundred fifty dollars, to be collected as provided in RCW 50.24.120.

(2)(a) Each employer shall register with the department and obtain an employment security account number. Registration must include the names and social security numbers of the owners, partners, members, or corporate officers of the business, as well as their mailing addresses and telephone numbers and other information the commissioner may by rule prescribe. Registration of corporations must also include the percentage of stock ownership for each corporate officer, delineated by zero percent, less than ten percent, or ten percent or more. Any changes in the owners, partners, members, or corporate officers of the business, and changes in percentage of ownership of the outstanding shares of stock of the corporation, must be reported to the department at intervals prescribed by the commissioner under (b) of this subsection.

(b) Each employer shall make periodic reports at such intervals as the commissioner may by regulation prescribe, setting forth the remuneration paid for employment to workers in its employ, the full names and social security numbers of all such workers, and the total hours worked by each worker and such other information as the commissioner may by regulation prescribe.

(c) If the employing unit fails or has failed to report the number of hours in a reporting period for which a worker worked, such number will be computed by the commissioner and given the same force and effect as if it had been reported by the employing unit. In computing the number of such hours worked, the total wages for the reporting period, as reported by the employing unit, shall be divided by the dollar amount of the state's minimum wage in effect for such reporting period and the quotient, disregarding any remainder, shall be credited to the worker: PROVIDED, That although the computation so made will not be subject to appeal by the employing unit, monetary entitlement may be redetermined upon request if the department is provided with credible evidence of the actual hours worked. Benefits paid using computed hours are not considered an overpayment and are not subject to collections when the correction of computed hours results in an invalid or reduced claim; however:

(i) A contribution paying employer who fails to report the number of hours worked will have its experience rating account charged for all benefits paid that are based on hours computed under this subsection; and

(ii) An employer who reimburses the trust fund for benefits paid to workers and fails to report the number of hours worked shall reimburse the trust fund for all benefits paid that are based on hours computed under this subsection.

Sec. 8. RCW 51.48.103 and 2003 c 53 s 283 are each amended to read as follows:

(1) It is a gross misdemeanor:

(a) For any employer to engage in business subject to this title without having obtained a certificate of coverage as provided for in this title;

(b) For the president, vice president, secretary, treasurer, or other officer of any company to cause or permit the company to engage in business subject to this title without having obtained a certificate of coverage as provided for in this title.

(2) It is a class C felony punishable according to chapter 9A.20 RCW:

(a) For any employer to engage in business subject to this title after the employer's certificate of coverage has been revoked by order of the department;

(b) For the president, vice president, secretary, treasurer, or other officer of any company to cause or permit the company to engage in business subject to this title after revocation of a certificate of coverage.

(3) An employer found to have violated this section shall, in addition to any other penalties, be subject to the penalties in section 3 of this act.

Sec. 9. RCW 51.48.020 and 1997 c 324 s 1 are each amended to read as follows:

(1)(a) Any employer, who knowingly misrepresents to the department the amount of his or her payroll or employee hours upon which the premium under this title is based, shall be liable to the state for up to ten times the amount of the difference in premiums paid and the amount the employer should have paid and for the reasonable expenses of auditing his or her books and collecting such sums. Such liability may be enforced in the name of the department.

(b) An employer is guilty of a class C felony, if:

(i) The employer, with intent to evade determination and payment of the correct amount of the premiums, knowingly makes misrepresentations regarding payroll or employee hours; or

(ii) The employer engages in employment covered under this title and, with intent to evade determination and payment of the correct amount of the premiums, knowingly fails to secure payment of compensation under this title or knowingly fails to report the payroll or employee hours related to that employment.

(c) Upon conviction under (b) of this subsection, the employer shall be ordered by the court to pay the premium due and owing, a penalty in the amount of one hundred percent of the premium due and owing, and interest on the premium and penalty from the time the premium was due until the date of payment. The court shall:

(i) Collect the premium and interest and transmit it to the department of labor and industries; and

(ii) Collect the penalty and disburse it pro rata as follows: One-third to the investigative agencies involved; one-third to the prosecuting authority; and one-third to the general fund of the county in which the matter was prosecuted.

Payments collected under this subsection must be applied until satisfaction of the obligation in the following order: Premium payments; penalty; and interest.

(d) An employer found to have violated this subsection shall, in addition to any other penalties, be subject to the penalties in section 3 of this act.

(2) Any person claiming benefits under this title, who knowingly gives false information required in any claim or application under this title shall be guilty of a felony, or gross misdemeanor in accordance with the theft and anticipatory provisions of Title 9A RCW.

Sec. 10. 2007 c 288 s 2 (uncodified) is amended to read as follows:

(1) The joint legislative task force on the underground economy in the Washington state construction industry is established. For purposes of this section, "underground economy" means contracting and construction activities in which payroll is unreported or underreported with consequent nonpayment of payroll taxes to federal and state agencies including nonpayment of workers' compensation and unemployment compensation taxes.

(2) The purpose of the task force is to formulate a state policy to establish cohesion and transparency between state agencies so as to increase the oversight and regulation of the underground economy practices in the construction industry in this state. To assist the task force in achieving this goal and to determine the extent of and projected costs to the state and workers of the underground economy in the construction industry, the task force shall contract with the institute for public policy, or, if the institute is unavailable, another entity with expertise capable of providing such assistance.

(3)(a) The task force shall consist of the following members:

(i) The chair and ranking minority member of the senate labor, commerce, research and development committee;

(ii) The chair and ranking minority member of the house of representatives commerce and labor committee;

(iii) Four members representing the construction business, selected from nominations submitted by statewide construction business organizations and appointed jointly by the president of the senate and the speaker of the house of representatives;

(iv) Four members representing construction laborers, selected from nominations submitted by statewide labor organizations and appointed jointly by the president of the senate and the speaker of the house of representatives.

(b) In addition, the employment security department, the department of labor and industries, and the department of revenue shall cooperate with the task force and shall each maintain a liaison representative, who is a nonvoting member of the task force. The departments shall cooperate with the task force and the institute for public policy, or other entity as appropriate, and shall provide information and data as the task force or the institute, or other entity as appropriate, may reasonably request.

(c) The task force shall choose its chair or cochair from among its legislative membership. The chairs of the senate labor, commerce, research and development committee and the house of representatives commerce and labor committee shall convene the initial meeting of the task force.

(4)(a) The task force shall use legislative facilities and staff support shall be provided by senate committee services and the house of representatives office of program research. Within available funding, the task force may hire additional staff with specific technical expertise if such expertise is necessary to carry out the mandates of this study.

(b) Legislative members of the task force shall be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(c) The expenses of the task force will be paid jointly by the senate and house of representatives. Task force expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

(5) The task force shall report its preliminary findings and recommendations to the legislature by January 1, 2008, and submit a final report to the legislature by December 31, 2008.

(6) This section expires July 1, (~~2008~~) 2009.

****NEW SECTION. Sec. 11. (1)(a) Three staff members, one being a working supervisor, must be added to the department of labor and industries' fraud audit infraction and revenue contractor fraud team.***

(b) The department of labor and industries and the employment security department shall hire more auditors to assist with their enforcement activities relating to the underground economy in the construction industry. At a minimum, the department of labor and industries shall hire three more auditors.

(2) If funds are made available in the 2008 supplemental budget, money must be dedicated to the attorney general's office to be used in the enforcement of contractor compliance cases.

*Sec. 11 was vetoed. See message at end of chapter.

NEW SECTION. Sec. 12. A new section is added to chapter 18.27 RCW to read as follows:

The department shall create an expanded social marketing campaign using currently available materials and newly created materials as needed. This campaign should be aimed at consumers and warn them of the risks and potential consequences of hiring unregistered contractors or otherwise assisting in the furtherance of the underground economy. The campaign may include: Providing public service announcements and other similar materials, made available in English as well as other languages, to the media and to community groups; providing information on violations and penalties; and encouraging legitimate contractors and the public to report fraud.

****NEW SECTION. Sec. 13. A new section is added to chapter 43.22 RCW to read as follows:***

(1) A pilot project must be established between the department and certain local jurisdictions to explore ways to improve the collection and sharing of building permit information. Participation must be voluntary for the local jurisdictions who participate, but one large city, some smaller cities, and at least one county are encouraged to participate.

(2) The department must report back to the appropriate committees of the legislature on the progress of the pilot project by November 15, 2013.

(3) The department may adopt rules to undertake the pilot project under this section.

(4) This section expires December 1, 2014.

*Sec. 13 was vetoed. See message at end of chapter.

NEW SECTION. Sec. 14. An advisory committee must be organized by the Washington state institute for public policy with the assistance of the department of revenue, the department of labor and industries, and the employment security department, with a goal of establishing benchmarks for future monitoring of activities recommended by the task force on the underground economy in the construction industry. Benchmarks should measure the effect of task force recommendations to determine their efficiency and effectiveness and to determine if additional approaches should be explored. Establishment of these benchmarks along with a more concerted effort to develop data that answer the baseline question of the magnitude of the problem could be discussed in a legislative extension of the task force. The institute must provide a preliminary report to the senate labor, commerce, research and

development committee and the house of representatives commerce and labor committee by December 31, 2008.

NEW SECTION. Sec. 15. If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state, the conflicting part of this act is inoperative solely to the extent of the conflict and with respect to the agencies directly affected, and this finding does not affect the operation of the remainder of this act in its application to the agencies concerned. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state.

NEW SECTION. Sec. 16. 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. 17. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the Senate March 10, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 21, 2008, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State March 24, 2008.

Note: Governor's explanation of partial veto is as follows:

"I am returning, without my approval as to Sections 11 and 13, Second Substitute Senate Bill 6732 entitled:

"AN ACT Relating to implementing the recommendations of the joint legislative task force on the underground economy in the construction industry."

This bill provides precise tools to both the Department of Labor and Industries and the Employment Security Department to crack down on the underground construction economy. This legislation strengthens the ability of the two departments to enforce the statutes most frequently violated by unregistered contractors. It also provides the enforcement staff and the penalties necessary to make an impact on the underground construction economy.

Section 11 directs the Department of Labor and Industries to hire three staff members, including a working supervisor. While it is understandable that the Legislature wishes to make clear its intent regarding the Department's enforcement staff, specific reporting relationships and staffing levels are decisions best left to the Department and its management. The underlying strategies and tools described in the bill as a whole depend upon increased staffing in the Department's fraud audit infraction and revenue team. Therefore, I am directing the Department of Labor and Industries to hire investigative staff, consistent with the legislative appropriation provided for implementation of this bill, to carry out the activities and functions necessary to curb the activities of the underground construction economy.

Section 13 directs the Department of Labor and Industries to establish a pilot program with local jurisdictions surrounding the collection and sharing of building permit information. The intent and makeup of this study is unclear and the language provides little direction as to the nature of the pilot project. Since the pilot was intended to run until the end of 2014, I believe the legislature can revisit this idea in the next session.

For these reasons, I have vetoed Sections 11 and 13 of Second Substitute Senate Bill 6732.

With the exception of Sections 11 and 13, Second Substitute Senate Bill 6732 is approved."

CHAPTER 121

[Engrossed Substitute House Bill 2878]

TRANSPORTATION BUDGET—SUPPLEMENTAL

AN ACT Relating to transportation funding and appropriations; amending RCW 46.68.110; amending 2007 c 518 ss 101, 102, 103, 104, 105, 106, 107, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 401, 402, 403, 404, 405, 406, 407, 501, 502, 503, and 713 (uncodified); adding new sections to 2007 c 518 (uncodified); making appropriations and authorizing capital improvements; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

2007-09 BIENNIUM

GENERAL GOVERNMENT AGENCIES—OPERATING

Sec. 101. 2007 c 518 s 101 (uncodified) is amended to read as follows:

FOR THE UTILITIES AND TRANSPORTATION COMMISSION

Grade Crossing Protective Account—State

Appropriation. ((~~\$505,000~~))
\$504,000

*Sec. 102. 2007 c 518 s 102 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT

Motor Vehicle Account—State Appropriation ((~~\$3,054,000~~))
\$3,577,000

State Patrol Highway Account—State Appropriation \$100,000

Puget Sound Ferry Operations Account—State
Appropriation. \$100,000

TOTAL APPROPRIATION ((~~\$3,154,000~~))
\$3,777,000

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

(1) \$2,545,000 of the motor vehicle account—state appropriation is provided solely for the office of regulatory assistance integrated permitting project.

(2) \$75,000 of the motor vehicle account—state appropriation is provided solely to address transportation budget and reporting requirements.

(3) \$100,000 of the state patrol highway account—state appropriation is provided solely for a study of the most cost-effective means of ensuring that the pension concerns of the members of the Washington state patrol retirement system are adequately and appropriately considered and submitted to the legislature. The office of financial management shall solicit participation and guidance from the senate ways and means committee, the house of representatives appropriations committee, the department of retirement systems, the Washington state patrol troopers association, the Washington state patrol lieutenants association, the Washington state patrol, and the office of the state actuary, and report the study recommendations to the legislature by November 1, 2008.

(4) The department shall make a recommendation to the transportation committees of the legislature by December 1, 2008, as to whether Washington state ferries marine employees should be covered under workman's compensation.

(5) \$400,000 of the motor vehicle account—state appropriation is provided solely for the continued maintenance and support of the transportation executive information system (TEIS).

(6) *The office of financial management shall work collaboratively with the house of representatives and senate transportation committees to ensure that future budget proposals reflect criteria for performance excellence and earned value measures, and align with the goals and performance measures contained within the state transportation progress report.*

*Sec. 102 was partially vetoed. See message at end of chapter.

Sec. 103. 2007 c 518 s 103 (uncodified) is amended to read as follows:

FOR THE MARINE EMPLOYEES COMMISSION

Puget Sound Ferry Operations Account—State

Appropriation (~~(\$422,000)~~
\$434,000

The appropriation in this section is subject to the following conditions and limitations: A maximum of \$22,000 may be expended to pay the department of personnel for conducting the 2007 salary survey.

Sec. 104. 2007 c 518 s 104 (uncodified) is amended to read as follows:

FOR THE STATE PARKS AND RECREATION COMMISSION

Motor Vehicle Account—State Appropriation (~~(\$985,000)~~
\$983,000

The appropriation in this section is subject to the following conditions and limitations: The entire appropriation in this section is provided solely for road maintenance purposes.

Sec. 105. 2007 c 518 s 105 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF AGRICULTURE

Motor Vehicle Account—State Appropriation (~~(\$1,358,000)~~
\$1,355,000

The appropriation in this section is subject to the following conditions and limitations:

(1) \$351,000 of the motor vehicle account—state appropriation is provided solely for costs associated with the motor fuel quality program.

(2) (~~(\$1,007,000)~~ \$1,004,000 of the motor vehicle account—state appropriation is provided solely to test the quality of biofuel. The department must test fuel quality at the biofuel manufacturer, distributor, and retailer.

Sec. 106. 2007 c 518 s 106 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ARCHAEOLOGY AND HISTORIC PRESERVATION

Motor Vehicle Account—State Appropriation (~~(\$223,000)~~
\$340,000

The appropriation in this section is subject to the following conditions and limitations: The entire appropriation is provided solely for ~~((staffing costs to be dedicated to state))~~ transportation activities. Staff hired to support transportation activities must have practical experience with complex construction projects.

Sec. 107. 2007 c 518 s 107 (uncodified) is amended to read as follows:

FOR THE LEGISLATIVE EVALUATION AND ACCOUNTABILITY PROGRAM COMMITTEE

Motor Vehicle Account—State Appropriation~~(((\$1,595,000))~~
\$1,195,000

The appropriation in this section is subject to the following conditions and limitations:

(1) ~~(((\$800,000))~~ \$400,000 of the motor vehicle account—state appropriation is provided solely for the continued maintenance and support of the transportation executive information system (TEIS).

(2) \$795,000 of the motor vehicle account—state appropriation is provided solely for development of a new transportation capital budgeting system and transition of a copy of the transportation executive information system (TEIS) to LEAP. At a minimum, the new budgeting system development effort must provide comprehensive schematic diagrams of the current and proposed transportation capital budget process, information flows, and data exchanges; common, agreed-upon data definitions and business rules; detailed transportation capital budget data and system requirements; and a strategy for implementation, including associated costs and a timeframe.

TRANSPORTATION AGENCIES—OPERATING

Sec. 201. 2007 c 518 s 201 (uncodified) is amended to read as follows:

FOR THE WASHINGTON TRAFFIC SAFETY COMMISSION

Highway Safety Account—State Appropriation~~(((\$2,609,000))~~
\$2,605,000
Highway Safety Account—Federal Appropriation~~(((\$15,880,000))~~
\$15,845,000
School Zone Safety Account—State Appropriation.~~(((\$3,300,000))~~
\$3,376,000
TOTAL APPROPRIATION~~(((\$21,789,000))~~
\$21,826,000

The appropriations in this section are subject to the following conditions and limitations: \$76,000 of the school zone safety account—state appropriation is provided solely for contracting with the office of the superintendent of public instruction (OSPI) to conduct pilot programs in three school districts for road safety education and training for children, in order to teach children safe walking, bicycling, and transit use behavior. The pilot projects shall be conducted during the 2008-09 academic year, and shall be modeled after a program and curriculum successfully implemented in the Spokane school district. Funds are provided for curriculum resources, bicycle purchases, teacher training, other essential services and equipment, and OSPI administrative expenses which may include contracting out pilot program administration. The

participating school districts shall be located as follows: One in Grant county, one in Island county, and one in Kitsap county. The OSPI shall evaluate the pilot programs, and report to the transportation committees of the legislature no later than December 1, 2009, on the outcomes of the pilot programs. The report shall include a survey identifying barriers to, interest in, and the likelihood of students traveling by biking, walking, or transit both prior to and following completion of the pilot program.

Sec. 202. 2007 c 518 s 202 (uncodified) is amended to read as follows:

FOR THE COUNTY ROAD ADMINISTRATION BOARD

Rural Arterial Trust Account—State Appropriation	(\$907,000)
	<u>\$900,000</u>
Motor Vehicle Account—State Appropriation	(\$2,075,000)
	<u>\$2,058,000</u>
County Arterial Preservation Account—State Appropriation	(\$1,399,000)
	<u>\$1,388,000</u>
TOTAL APPROPRIATION	(\$4,381,000)
	<u>\$4,346,000</u>

The appropriations in this section are subject to the following conditions and limitations: \$481,000 of the county arterial preservation account—state appropriation is provided solely for continued development and implementation of a maintenance management system to manage county transportation assets.

Sec. 203. 2007 c 518 s 203 (uncodified) is amended to read as follows:

FOR THE TRANSPORTATION IMPROVEMENT BOARD

Urban Arterial Trust Account—State Appropriation	(\$1,793,000)
	<u>\$1,778,000</u>
Transportation Improvement Account—State Appropriation	(\$1,795,000)
	<u>\$1,780,000</u>
TOTAL APPROPRIATION	(\$3,588,000)
	<u>\$3,558,000</u>

Sec. 204. 2007 c 518 s 204 (uncodified) is amended to read as follows:

FOR THE BOARD OF PILOTAGE COMMISSIONERS

Pilotage Account—State Appropriation	(\$1,156,000)
	<u>\$1,152,000</u>

Sec. 205. 2007 c 518 s 205 (uncodified) is amended to read as follows:

FOR THE JOINT TRANSPORTATION COMMITTEE

Motor Vehicle Account—State Appropriation	(\$2,103,000)
	<u>\$2,513,000</u>
Multimodal Transportation Account—State Appropriation	\$550,000
TOTAL APPROPRIATION	(\$2,653,000)
	<u>\$3,063,000</u>

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

(1) (~~(\$500,000)~~) \$750,000 of the motor vehicle account—state appropriation is for establishing a work group to implement Engrossed Substitute House Bill No. 2358 (regarding state ferries) and review other matters relating to Washington state ferries. The cochairs of the committee shall establish the work group comprising committee members or their designees, an appointee by the governor, and other stakeholders as appointed by the cochairs, to assist in the committee's work. The work group shall report (~~(the progress of)~~) on its tasks to the transportation committees of the legislature by December (~~(15, 2007)~~) 2008. The work group is tasked with the following:

(a) Implementing the recommendations of Engrossed Substitute House Bill No. 2358 (regarding state ferries). As directed by Engrossed Substitute House Bill No. 2358, the committee work group shall participate in and provide a review of the following:

(i) The Washington transportation commission's development and interpretation of a survey of ferry customers;

(ii) The department of transportation's analysis and reestablishment of vehicle level of service standards. In reestablishing the standards, consideration must be given to whether boat wait is the appropriate measure;

(iii) The department's development of pricing policy proposals. In developing these policies, the policy, in effect on some routes, of collecting fares in only one direction must be evaluated to determine whether one-way fare pricing best serves the ferry system;

(iv) The department's development of operational strategies;

(v) The department's development of terminal design standards; and

(vi) The department's development of a long-range capital plan;

(b) Reviewing the following Washington state ferry programs:

(i) Ridership demand forecast;

(ii) Updated life cycle cost model, as directed by Engrossed Substitute House Bill No. 2358;

(iii) Administrative operating costs, nonlabor and nonfuel operating costs, Eagle Harbor maintenance facility program and maintenance costs, administrative and systemwide capital costs, and vessel preservation costs; and

(iv) The Washington state ferries' proposed capital cost allocation plan methodology, as described in Engrossed Substitute House Bill No. 2358;

(c) Making recommendations regarding:

(i) The most efficient timing and sizing of future vessel acquisitions beyond those currently authorized by the legislature. Vessel acquisition recommendations must be based on the ridership projections, level of service standards, and operational and pricing strategies reviewed by the committee and must include the impact of those recommendations on the timing and size of terminal capital investments and the state ferries' long range operating and capital finance plans; and

(ii) Capital financing strategies for consideration in the 2009 legislative session. This work must include confirming the department's estimate of future capital requirements based on a long range capital plan and must include the department's development of a plan for codevelopment and public private partnership opportunities at public ferry terminals; and

(d) Evaluate the capital cost allocation plan methodology developed by the department to implement Engrossed Substitute House Bill No. 2358.

(2) \$250,000 of the motor vehicle account—state appropriation and \$250,000 of the multimodal transportation account—state appropriation are for the continuing implementation of ~~((Substitute Senate Bill No. 5207))~~ chapter 514, Laws of 2007.

(3) \$300,000 of the multimodal transportation account—state appropriation is for implementing Substitute House Bill No. 1694 (coordinated transportation). If Substitute House Bill No. 1694 is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(4) \$150,000 of the motor vehicle account—state appropriation is for the Puget Sound regional council to conduct a pilot program for multimodal concurrency analysis. This pilot program will analyze total trip needs for a regional growth center based on adopted land use plans, identify the number of trips which can be accommodated by planned roadway, transit service, and nonmotorized investments, and identify gaps for trips that cannot be served and strategies to fill those gaps. The purpose of this pilot is to demonstrate how this type of multimodal concurrency analysis can be used to broaden and strengthen local concurrency programs.

*Sec. 206. 2007 c 518 s 206 (uncodified) is amended to read as follows:

FOR THE TRANSPORTATION COMMISSION

Motor Vehicle Account—State Appropriation	(\$2,276,000)
	<u>\$2,322,000</u>
Multimodal Transportation Account—State Appropriation	\$112,000
TOTAL APPROPRIATION	(\$2,388,000)
	<u>\$2,434,000</u>

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

(1) \$350,000 of the motor vehicle account—state appropriation is provided solely for the commission to conduct a survey of ferry customers as described in Engrossed Substitute House Bill No. 2358. Development and interpretation of the survey must be done with participation of the joint transportation committee work group established in section 205(1) of this act.

~~(2) ((\$100,000 of the motor vehicle account—state appropriation is provided solely for a study to identify and evaluate long-term financing alternatives for the Washington state ferry system. The study shall incorporate the findings of the initial survey described in subsection (1) of this section, and shall consider the potential for state, regional, or local financing options. The commission shall submit a draft final report of its findings and recommendations to the transportation committees of the legislature no later than December 2008.~~

~~(3))~~ The commission shall conduct a planning grade tolling study that is based on the recommended policies in the commission's comprehensive tolling study submitted September 20, 2006.

(3) Pursuant to RCW 43.135.055, during the 2007-09 fiscal biennium, the transportation commission shall establish, periodically review, and, if necessary, modify a schedule of toll charges applicable to the state route 167 high-occupancy toll lane pilot project, as required by RCW 47.56.403.

(4) Pursuant to RCW 43.135.055, during the 2007-09 fiscal biennium, the transportation commission shall periodically review, and, if necessary, modify the schedule of toll charges applicable to the Tacoma Narrows bridge, taking into

consideration the recommendations of the citizen advisory committee created by RCW 47.46.091.

(5) \$205,000 of the motor vehicle account—state appropriation is provided solely for a study of potential revenue sources for the Washington state ferry system. The study must model and assess the revenue generating potentials of feasible alternative funding sources. The revenue forecasting models must be dynamic and ownership of these models must be retained by the commission. The commission shall develop revenue source recommendations that will generate revenue equal to or greater than the funding level identified by the ferries finance study of the joint transportation committee referenced in section 205 of this act, and shall report its recommendations to the transportation committees of the legislature by November 15, 2008.

(6) The transportation commission shall develop recommendations to reduce and control tolling operations costs. These recommendations shall be presented to the transportation committees of the state legislature by December 1, 2008. To this end, the commission shall generate benchmarks to evaluate program efficiencies. They shall also review and confirm data necessary to evaluate tolling operations. The department of transportation shall cooperate with the commission and provide documents and data to assist with this evaluation.

*Sec. 206 was partially vetoed. See message at end of chapter.

Sec. 207. 2007 c 518 s 207 (uncodified) is amended to read as follows:

FOR THE FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD
Motor Vehicle Account—State Appropriation ((~~\$695,000~~))
\$691,000

The appropriation in this section is subject to the following conditions and limitations:

(1) The freight mobility strategic investment board shall, on a quarterly basis, provide status reports to the office of financial management and the transportation committees of the legislature on the delivery of projects funded by this act.

(2) The freight mobility strategic investment board and the department of transportation shall collaborate to submit a report to the office of financial management and the transportation committees of the legislature by September 1, 2008, listing proposed freight highway and rail projects. The report must describe the analysis used for selecting such projects, as required by chapter 47.06A RCW for the board and as required by this act for the department. When developing its list of proposed freight highway and rail projects, the freight mobility strategic investment board shall use the priorities identified in section 309(7)(a) of this act to the greatest extent possible.

Sec. 208. 2007 c 518 s 208 (uncodified) is amended to read as follows:

FOR THE WASHINGTON STATE PATROL—FIELD OPERATIONS BUREAU
State Patrol Highway Account—State
Appropriation ((~~\$225,445,000~~))
\$226,924,000
State Patrol Highway Account—Federal

Appropriation	\$10,602,000
State Patrol Highway Account—Private/Local	
Appropriation	\$410,000
TOTAL APPROPRIATION	(\$236,457,000)
	<u>\$237,936,000</u>

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

(1) Washington state patrol officers engaged in off-duty uniformed employment providing traffic control services to the department of transportation or other state agencies may use state patrol vehicles for the purpose of that employment, subject to guidelines adopted by the chief of the Washington state patrol. The Washington state patrol shall be reimbursed for the use of the vehicle at the prevailing state employee rate for mileage and hours of usage, subject to guidelines developed by the chief of the Washington state patrol.

(2) In addition to the user fees, the patrol shall transfer into the state patrol nonappropriated airplane revolving account under RCW 43.79.470 no more than the amount of appropriated state patrol highway account and general fund funding necessary to cover the costs for the patrol's use of the aircraft. The state patrol highway account and general fund—state funds shall be transferred proportionately in accordance with a cost allocation that differentiates between highway traffic enforcement services and general policing purposes.

(3) The patrol shall not account for or record locally provided DUI cost reimbursement payments as expenditure credits to the state patrol highway account. The patrol shall report the amount of expected locally provided DUI cost reimbursements to the governor and transportation committees of the senate and house of representatives by September 30th of each year.

(4) \$1,662,000 of the state patrol highway account—state appropriation is provided solely for the implementation of Substitute House Bill No. 1304 (commercial vehicle enforcement). If Substitute House Bill No. 1304 is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(5) During the ~~((fiscal year 2008))~~ 2007-2009 biennium, the Washington state patrol shall continue to perform traffic accident investigations on Thurston, Mason, and Lewis county roads ~~(, and shall work with the counties to transition the))~~ when requested to do so by the respective county; however, the counties shall conduct traffic accident investigations on county roads ((to the counties by July 1, 2008)) beginning July 1, 2009.

(6) \$100,000 of the state patrol highway account—state appropriation is provided solely for the implementation of Substitute House Bill No. 1417 (health benefits for surviving dependents). If Substitute House Bill No. 1417 is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(7) \$3,300,000 of the state patrol highway account—state appropriation is provided solely for the salaries and benefits associated with accretion in the number of troopers employed above 1,158 authorized commissioned troopers, or solely for training new cadets; however, the amount provided in this subsection is contingent on the Washington state patrol submitting a 2009-11 budget request that fully funds field force operations without reliance on a projected vacancy rate. The Washington state patrol shall perform a study with a final report due to

the legislative transportation committees by December 1, 2008, on the advantages and disadvantages of staffing the commercial vehicle enforcement section with commissioned officers instead of commercial vehicle enforcement officers.

(8) By July 1, 2008, the Washington state patrol shall assign six additional troopers to the Monroe detachment from among troopers requesting transfer to Monroe or graduating cadet classes.

Sec. 209. 2007 c 518 s 209 (uncodified) is amended to read as follows:

FOR THE WASHINGTON STATE PATROL—INVESTIGATIVE SERVICES BUREAU

State Patrol Highway Account—State Appropriation(~~(\$1,300,000)~~)
\$1,552,000

Sec. 210. 2007 c 518 s 210 (uncodified) is amended to read as follows:

FOR THE WASHINGTON STATE PATROL—TECHNICAL SERVICES BUREAU

State Patrol Highway Account—State Appropriation(~~(\$103,157,000)~~)
\$102,726,000

State Patrol Highway Account—Private/Local
Appropriation. \$2,008,000
TOTAL APPROPRIATION(~~(\$105,165,000)~~)
\$104,734,000

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

(1) The Washington state patrol shall work with the risk management division in the office of financial management in compiling the Washington state patrol's data for establishing the agency's risk management insurance premiums to the tort claims account. The office of financial management and the Washington state patrol shall submit a report to the legislative transportation committees by December 31st of each year on the number of claims, estimated claims to be paid, method of calculation, and the adjustment in the premium.

(2) (~~(\$12,641,000)~~) \$9,981,000 of the total appropriation is provided solely for automobile fuel in the 2007-2009 biennium.

(3) (~~(\$8,678,000)~~) \$7,461,000 of the total appropriation is provided solely for the purchase of pursuit vehicles.

(4) (~~(\$5,254,000)~~) \$6,328,000 of the total appropriation is provided solely for vehicle repair and maintenance costs of vehicles used for highway purposes.

(5) \$384,000 of the total appropriation is provided solely for the purchase of mission vehicles used for highway purposes in the commercial vehicle and traffic investigation sections of the Washington state patrol.

(6) The Washington state patrol may submit information technology related requests for funding only if the patrol has coordinated with the department of information services as required by section 602 of this act.

(7) \$630,000 of the total appropriation is provided solely for the ongoing software maintenance and technical support for the digital microwave system. The Washington state patrol shall coordinate with the other members of the Washington state interoperability executive committee to ensure compatibility between emergency communication systems.

Sec. 211. 2007 c 518 s 212 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF LICENSING

Marine Fuel Tax Refund Account—State Appropriation	\$32,000
Motorcycle Safety Education Account—State Appropriation	(\$3,905,000)
	<u>\$3,898,000</u>
Wildlife Account—State Appropriation	(\$843,000)
	<u>\$830,000</u>
Highway Safety Account—State Appropriation	(\$141,953,000)
	<u>\$145,444,000</u>
Highway Safety Account—Federal Appropriation	\$233,000
Motor Vehicle Account—State Appropriation	(\$79,230,000)
	<u>\$78,235,000</u>
Motor Vehicle Account—Private/Local Appropriation	\$1,372,000
Motor Vehicle Account—Federal Appropriation	(\$117,000)
	<u>\$1,354,000</u>
Department of Licensing Services Account—State Appropriation	(\$3,540,000)
	<u>\$4,639,000</u>
Washington State Patrol Highway Account—State Appropriation	\$1,145,000
TOTAL APPROPRIATION	(\$232,370,000)
	<u>\$237,182,000</u>

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

(1) \$2,941,000 of the highway safety account—state appropriation is provided solely for the implementation of Substitute House Bill No. 1267 (modifying commercial driver's license requirements). If Substitute House Bill No. 1267 is not enacted by June 30, 2007, the amount provided in this subsection shall lapse. The department shall informally report to the legislature by December 1, 2008, with measurable data indicating the department's progress in meeting its goal of improving public safety by improving the quality of the commercial driver's license testing process.

(2) \$716,000 of the motorcycle safety education account—state appropriation is provided solely for the implementation of Senate Bill No. 5273 (modifying motorcycle driver's license endorsement and education provisions). If Senate Bill No. 5273 is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(3) ~~(\$8,872,000)~~ (a) \$12,422,000 of the highway safety account—state appropriation is provided solely for costs associated with the ~~((systems development and issuance of))~~ processing costs of issuing enhanced drivers' licenses and identicards ~~((to facilitate crossing the Canadian border. If Engrossed Substitute House Bill No. 1289 (relating to the issuance of enhanced drivers' licenses and identicards) is not enacted by June 30, 2007, the amount provided in this subsection shall lapse. The department may expend funds only after acceptance of the enhanced Washington state driver's license for border crossing purposes by the Canadian and United States governments. The department may expend funds only after prior written approval of the director of~~

~~financial management~~). (b) Of the amount provided in (a) of this subsection, up to \$1,000,000 is for a statewide educational campaign, which must include coordination with existing public and private entities, to inform the Washington public of the benefits of the new enhanced drivers' licenses and identicards. Funds may be spent on educational campaigns only after the caseload for enhanced drivers' licenses and identicards falls below levels that can be reasonably processed by the department within the appropriation provided by this subsection. \$300,000 of the \$1,000,000 is for the department to partner with cross-border tourism businesses to create an educational campaign.

(c) Of the amount provided in (a) of this subsection, \$10,722,000 is provided solely for costs associated with providing enhanced driver's license processing at 14 licensing services offices.

(d) Of the amount provided in (a) of this subsection, \$700,000 is provided solely for costs associated with extending hours beyond current regular business hours at the 14 licensing service offices that provide enhanced driver's license processing services.

(4) \$91,000 of the motor vehicle account—state appropriation and \$152,000 of the highway safety account—state appropriation are provided solely for contracting with the office of the attorney general to investigate criminal activity uncovered in the course of the agency's licensing and regulatory activities. Funding is provided for the 2008 fiscal year. The department may request funding for the 2009 fiscal year if the request is submitted with measurable data indicating the department's progress in meeting its goal of increased prosecution of illegal activity.

(5) \$350,000 of the highway safety account—state appropriation is provided solely for the costs associated with the systems development of the interface that will allow insurance carriers and their agents real time, online access to drivers' records. If Substitute Senate Bill No. 5937 is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(6) \$1,145,000 of the state patrol highway account—state appropriation is provided solely for the implementation of Substitute House Bill No. 1304 (modifying commercial motor vehicle carrier provisions). If Substitute House Bill No. 1304 is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(7) The department may submit information technology related requests for funding only if the department has coordinated with the department of information services as required by section 602 of this act.

(8) ~~((Within the amounts appropriated in this section, the department shall, working with the legislature, develop a proposal to))~~ \$116,000 of the motor vehicle account—state appropriation is provided solely for the department to prepare draft legislation that streamlines title and registration statutes to specifically address apparent conflicts, fee distribution, and other ((recommendations by the department)) relevant issues that are revenue neutral and which do not change legislative policy. The department shall ((report the results of this review to the transportation committees of the legislature by December 1, 2007)) submit the draft legislation to the transportation committees of the legislature by the end of the biennium.

(9) \$246,000 of the department of licensing services account—state appropriation is provided solely for the implementation of Substitute House Bill

No. 3029 (secure vehicle licensing system). If Substitute House Bill No. 3029 is not enacted by June 30, 2008, the amount provided in this subsection shall lapse.

(10) \$200,000 of the highway safety account—state appropriation is provided solely for the implementation of Senate Bill No. 6885 (driving record abstracts). If Senate Bill No. 6885 is not enacted by June 30, 2008, the amount provided in this subsection shall lapse.

(11) \$417,000 of the highway safety account—state appropriation is provided solely for the implementation of Engrossed Second Substitute House Bill No. 3254 (ignition interlock drivers' license). If Engrossed Second Substitute House Bill No. 3254 is not enacted by June 30, 2008, the amount provided in this subsection shall lapse.

(12) \$100,000 of the department of licensing services account—state appropriation is provided solely for the implementation of Engrossed Second Substitute House Bill No. 2817 (contaminated vehicles). If Engrossed Second Substitute House Bill No. 2817 is not enacted by June 30, 2008, the amount provided in this subsection shall lapse.

(13) The department shall investigate instituting a program whereby individual registered vehicle owners may have license plates tested for reflectivity to determine whether the department's requirement that the license plates be replaced after seven years can be waived for that particular set of license plates.

*Sec. 212. 2007 c 518 s 213 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—TOLL OPERATIONS AND MAINTENANCE—PROGRAM B

High-Occupancy Toll Lanes Account—State	
Appropriation	(\$2,596,000)
	\$2,253,000
Motor Vehicle Account—State Appropriation	(\$5,600,000)
	\$600,000
Tacoma Narrows Toll Bridge Account—State	
Appropriation	(\$28,218,000)
	\$28,322,000
TOTAL APPROPRIATION	(\$36,414,000)
	\$31,175,000

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

~~((1) \$5,000,000 of the motor vehicle account—state is provided solely to provide a reserve for the Tacoma Narrows Bridge project. This appropriation shall be held in unallotted status until the office of financial management deems that revenues applicable to the Tacoma Narrows Bridge project are not sufficient to cover the project's expenditures.~~

~~***(2) The department shall solicit private donations to fund activities related to the opening ceremonies of the Tacoma Narrows bridge project.) The department shall develop incentives to reduce and control tolling operations costs. These incentives may be directed at the public, the tolling contractor, or the department. Incentives to be considered should include, but not be limited to: Incentives to return unneeded transponders, incentives to close inactive accounts, incentives to reduce printed account statements, incentives to reduce***~~

labor costs, and incentives to reduce postage and shipping costs. These incentives shall be presented for review by the transportation commission by September 30, 2008.

*Sec. 212 was partially vetoed. See message at end of chapter.

Sec. 213. 2007 c 518 s 214 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—INFORMATION TECHNOLOGY—PROGRAM C

Transportation Partnership Account—State	
Appropriation.	((\$4,556,000))
	<u>\$5,892,000</u>
Motor Vehicle Account—State Appropriation	((\$67,613,000))
	<u>\$67,710,000</u>
Motor Vehicle Account—Federal Appropriation	\$1,096,000
Puget Sound Ferry Operations Account—State	
Appropriation.	((\$9,192,000))
	<u>\$9,143,000</u>
Multimodal Transportation Account—State	
Appropriation.	\$363,000
Transportation 2003 Account (Nickel Account)—State	
Appropriation.	((\$4,000,000))
	<u>\$5,337,000</u>
TOTAL APPROPRIATION	((\$86,820,000))
	<u>\$89,541,000</u>

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

(1) The department shall consult with the office of financial management and the department of information services to ensure that (a) the department's current and future system development is consistent with the overall direction of other key state systems; and (b) when possible, use or develop common statewide information systems to encourage coordination and integration of information used by the department and other state agencies and to avoid duplication.

(2) The department shall provide updated information on six project milestones for all active projects, funded in part or in whole with 2005 transportation partnership account funds or 2003 nickel account funds, on a quarterly basis in the transportation executive information system (TEIS). The department shall also provide updated information on six project milestones for projects, funded with preexisting funds and that are agreed to by the legislature, office of financial management, and the department, on a quarterly basis in TEIS.

(3) ((~~\$2,300,000~~)) \$3,300,000 of the motor vehicle account—state appropriation is provided solely for preliminary work needed to transition the department to the state government network. In collaboration with the department of information services the department shall complete an inventory of the current network infrastructure, ((and)) develop an implementation plan for transition to the state government network, improve security, and initiate connection to the state government network.

(4) \$1,000,000 of the motor vehicle account—state appropriation, ~~(\$4,556,000)~~ \$5,892,000 of the transportation partnership account—state appropriation, and ~~(\$4,000,000)~~ \$5,337,000 of the transportation 2003 account (nickel account)—state appropriation are provided solely for the department to develop a project management and reporting system which is a collection of integrated tools for capital construction project managers to use to perform all the necessary tasks associated with project management. The department shall integrate commercial off-the-shelf software with existing department systems and enhanced approaches to data management to provide web-based access for multi-level reporting and improved business workflows and reporting. Beginning September 1, 2007, and on a quarterly basis thereafter, the department shall report to the office of financial management and the transportation committees of the legislature on the status of the development and integration of the system. The first report shall include a detailed work plan for the development and integration of the system including timelines and budget milestones. At a minimum the ensuing reports shall indicate the status of the work as it compares to the work plan, any discrepancies, and proposed adjustments necessary to bring the project back on schedule or budget if necessary.

(5) The department may submit information technology related requests for funding only if the department has coordinated with the department of information services as required by section 602 of this act.

(6) \$1,600,000 of the motor vehicle account—state appropriation is provided solely for the critical application assessment implementation project. The department shall submit a progress report on the critical application assessment implementation project to the house of representatives and senate transportation committees on or before December 1, 2007, and December 1, 2008, with a final report on or before June 30, 2009.

Sec. 214. 2007 c 518 s 215 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—FACILITY MAINTENANCE, OPERATIONS AND CONSTRUCTION—PROGRAM D—OPERATING

Motor Vehicle Account—State Appropriation	(\$34,569,000)
	<u>\$33,982,000</u>

Sec. 215. 2007 c 518 s 216 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—AVIATION—PROGRAM F

Aeronautics Account—State Appropriation	(\$6,889,000)	
	<u>\$7,866,000</u>	
Aeronautics Account—Federal Appropriation		\$2,150,000
Multimodal Transportation Account—State Appropriation		\$631,000
TOTAL APPROPRIATION	(\$9,670,000)	<u>\$10,647,000</u>

The appropriations in this section are subject to the following conditions and limitations: The entire multimodal transportation account—state appropriation ~~((is))~~ and \$400,000 of the aeronautics account—state

appropriation are provided solely for the aviation planning council as provided for in RCW 47.68.410.

Sec. 216. 2007 c 518 s 217 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—PROGRAM DELIVERY MANAGEMENT AND SUPPORT—PROGRAM H

Transportation Partnership Account—State	
Appropriation	\$2,422,000
Motor Vehicle Account—State Appropriation	(\$50,446,000)
	<u>\$52,275,000</u>
Motor Vehicle Account—Federal Appropriation \$500,000	
Multimodal Transportation Account—State	
Appropriation	\$250,000
Transportation 2003 Account (Nickel Account)—State	
Appropriation	\$2,422,000
TOTAL APPROPRIATION	(\$56,040,000)
	<u>\$57,869,000</u>

The appropriations in this section (~~(is)~~) are subject to the following conditions and limitations: \$2,422,000 of the transportation partnership account appropriation and \$2,422,000 of the transportation 2003 account (nickel account)—state appropriation are provided solely for consultant contracts to assist the department in the delivery of the capital construction program by identifying improvements to program delivery, program management, project controls, program and project monitoring, forecasting, and reporting. The consultants shall work with the department of information services in the development of the project management and reporting system.

The consultants shall provide an updated copy of the capital construction strategic plan to the legislative transportation committees and to the office of financial management on June 30, 2008, and each year thereafter.

The department shall coordinate its work with other budget and performance efforts, including Roadmap, the findings of the critical applications modernization and integration strategies study, including proposed next steps, and the priorities of government process.

The department shall report to the transportation committees of the house of representatives and senate, and the office of financial management, by December 31, 2007, on the implementation status of recommended capital budgeting and reporting options. Options must include: Reporting against legislatively-established project identification numbers and may include recommendations for reporting against other appropriate project groupings; measures for reporting progress, timeliness, and cost which create an incentive for the department to manage effectively and report its progress in a transparent manner; and criteria and process for transfers of funds among projects.

Sec. 217. 2007 c 518 s 218 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—ECONOMIC PARTNERSHIPS—PROGRAM K

Motor Vehicle Account—State Appropriation	
	(\$1,151,000)
	<u>\$991,000</u>
Multimodal Transportation Account—State Appropriation \$300,000	

TOTAL APPROPRIATION	(\$1,451,000)
	<u>\$1,291,000</u>

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

(1) \$300,000 of the multimodal account—state appropriation is provided solely for the department to hire a consultant to develop a plan for codevelopment and public-private partnership opportunities at public ferry terminals.

(2) The department shall conduct an analysis and, if determined to be feasible, initiate requests for proposals involving the distribution of alternative fuels along state department of transportation rights-of-way.

Sec. 218. 2007 c 518 s 219 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—HIGHWAY MAINTENANCE—PROGRAM M

Motor Vehicle Account—State Appropriation	(\$321,888,000)
	<u>\$331,342,000</u>
Motor Vehicle Account—Federal Appropriation	(\$2,000,000)
	<u>\$5,000,000</u>
Motor Vehicle Account—Private/Local Appropriation	\$5,797,000
TOTAL APPROPRIATION	(\$329,685,000)
	<u>\$342,139,000</u>

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

(1) If portions of the appropriations in this section are required to fund maintenance work resulting from major disasters not covered by federal emergency funds such as fire, flooding, and major slides, supplemental appropriations must be requested to restore state funding for ongoing maintenance activities.

(2) The department shall request an unanticipated receipt for any federal moneys received for emergency snow and ice removal and shall place an equal amount of the motor vehicle account—state into unallotted status. This exchange shall not affect the amount of funding available for snow and ice removal.

(3) The department shall request an unanticipated receipt for any private or local funds received for reimbursements of third party damages that are in excess of the motor vehicle account—private/local appropriation.

(4) (~~(\$1,500,000)~~) \$5,000,000 of the motor vehicle account—federal appropriation is provided for unanticipated federal funds that may be received during the 2007-09 biennium. Upon receipt of the funds, the department shall provide a report on the use of the funds to the transportation committees of the legislature and the office of financial management.

(5) Funding is provided for maintenance on the state system to deliver service level targets as listed in LEAP Transportation Document 2007-C, as developed April 20, 2007. In delivering the program and aiming for these targets, the department should concentrate on the following areas:

(a) Eliminating the number of activities delivered in the "f" level of service at the region level; and

(b) Evaluating, analyzing, and potentially redistributing resources within and among regions to provide greater consistency in delivering the program statewide and in achieving overall level of service targets.

(6) The department may work with the department of corrections to utilize corrections crews for the purposes of litter pickup on state highways.

(7) \$650,000 of the motor vehicle account—state appropriation is provided solely for increased asphalt costs.

(8) The department shall prepare a comprehensive listing of maintenance backlogs and related costs and report to the office of financial management and the transportation committees of the legislature by December 31, 2008.

(9) \$76,026,000 of the motor vehicle account—state appropriation is for snow and ice related expenses, within which is a one-time increase of \$3,250,000 provided solely for extraordinary snow and ice removal expenses incurred during the winter of 2007-08.

Sec. 219. 2007 c 518 s 220 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—TRAFFIC OPERATIONS—PROGRAM Q—OPERATING

Motor Vehicle Account—State Appropriation	(\$52,040,000)
	<u>\$51,340,000</u>
Motor Vehicle Account—Federal Appropriation	\$2,050,000
Motor Vehicle Account—Private/Local Appropriation	\$127,000
TOTAL APPROPRIATION	(\$54,217,000)
	<u>\$53,517,000</u>

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

(1) \$654,000 of the motor vehicle account—state appropriation is provided solely for the department to time state-owned and operated traffic signals. This funding may also be used to program incident, emergency, or special event signal timing plans.

(2) \$346,000 of the motor vehicle account—state appropriation is provided solely for the department to implement a pilot tow truck incentive program. The department may provide incentive payments to towing companies that meet clearance goals on accidents that involve heavy trucks.

(3) \$6,800,000 of the motor vehicle account—state appropriation is provided solely for low-cost enhancements. The department shall give priority to low-cost enhancement projects that improve safety or provide congestion relief. The department shall prioritize low-cost enhancement projects on a statewide rather than regional basis. By January 1, 2008, and January 1, 2009, the department shall provide a report to the legislature listing all low-cost enhancement projects prioritized on a statewide rather than regional basis completed in the prior year.

(4) The department, in consultation with the Washington state patrol, may conduct a pilot program for the patrol to issue infractions based on information from automated traffic safety cameras in roadway construction zones on state highways when workers are present.

(a) In order to ensure adequate time in the 2007-09 biennium to evaluate the effectiveness of the pilot program, any projects authorized by the department must be authorized by December 31, 2007.

(b) The department shall use the following guidelines to administer the program:

(i) Automated traffic safety cameras may only take pictures of the vehicle and vehicle license plate and only while an infraction is occurring. The picture must not reveal the face of the driver or of passengers in the vehicle;

(ii) The department shall plainly mark the locations where the automated traffic safety cameras are used by placing signs on locations that clearly indicate to a driver that he or she is entering a roadway construction zone where traffic laws are enforced by an automated traffic safety camera;

(iii) Notices of infractions must be mailed to the registered owner of a vehicle within fourteen days of the infraction occurring;

(iv) The owner of the vehicle is not responsible for the violation if the owner of the vehicle, within fourteen days of receiving notification of the violation, mails to the patrol, a declaration under penalty of perjury, stating that the vehicle involved was, at the time, stolen or in the care, custody, or control of some person other than the registered owner, or any other extenuating circumstances;

(v) For purposes of the 2007-09 biennium pilot project, infractions detected through the use of automated traffic safety cameras are not part of the registered owner's driving record under RCW 46.52.101 and 46.52.120. Additionally, infractions generated by the use of automated traffic safety cameras must be processed in the same manner as parking infractions for the purposes of RCW 3.46.120, 3.50.100, 35.20.220, 46.16.216, and 46.20.270(3). However, the amount of the fine issued for an infraction generated through the use of an automated traffic safety camera is one hundred thirty-seven dollars. The court shall remit thirty-two dollars of the fine to the state treasurer for deposit into the state patrol highway account;

(vi) If a notice of infraction is sent to the registered owner and the registered owner is a rental car business, the infraction will be dismissed against the business if it mails to the patrol, within fourteen days of receiving the notice, a declaration under penalty of perjury of the name and known mailing address of the individual driving or renting the vehicle when the infraction occurred. If the business is unable to determine who was driving or renting the vehicle at the time the infraction occurred, the business must sign a declaration under penalty of perjury to this effect. The declaration must be mailed to the patrol within fourteen days of receiving the notice of traffic infraction. Timely mailing of this declaration to the issuing agency relieves a rental car business of any liability under this section for the notice of infraction. A declaration form suitable for this purpose must be included with each automated traffic infraction notice issued, along with instructions for its completion and use; and

(vii) By June 30, 2009, the department shall provide a report to the legislature regarding the use, public acceptance, outcomes, and other relevant issues regarding the pilot project.

(5) The traffic signal operations along 164th Street SE at the intersections of Mill Creek Boulevard and SR 527 should be optimized to minimize vehicle delay on both corridors based on traffic volumes and not only on functional classification or designation.

Sec. 220. 2007 c 518 s 221 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF TRANSPORTATION—
TRANSPORTATION MANAGEMENT AND SUPPORT—PROGRAM S**

Motor Vehicle Account—State Appropriation	(\$28,215,000)
	<u>\$27,363,000</u>
Motor Vehicle Account—Federal Appropriation	\$30,000
Puget Sound Ferry Operations Account—State Appropriation.	\$1,321,000
Multimodal Transportation Account—State Appropriation.	\$1,223,000
TOTAL APPROPRIATION	(\$30,789,000)
	<u>\$29,937,000</u>

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

- (1) The department shall work with staffs from the legislative evaluation and accountability program committee, the transportation committees of the legislature, and the office of financial management on developing a new capital budgeting system to meet identified information needs.
- (2) \$250,000 of the multimodal account—state appropriation is provided solely for implementing a wounded combat veteran's internship program, administered by the department. The department shall seek federal funding to support the continuation of this program.

Sec. 221. 2007 c 518 s 222 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF TRANSPORTATION—
TRANSPORTATION PLANNING, DATA, AND RESEARCH—
PROGRAM T**

Motor Vehicle Account—State Appropriation	(\$30,698,000)
	<u>\$27,757,000</u>
Motor Vehicle Account—Federal Appropriation	\$19,163,000
Multimodal Transportation Account—State Appropriation.	(\$1,029,000)
	<u>\$1,760,000</u>
Multimodal Transportation Account—Federal Appropriation.	\$2,809,000
Multimodal Transportation Account—Private/Local Appropriation.	\$100,000
TOTAL APPROPRIATION	(\$53,799,000)
	<u>\$51,589,000</u>

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

- (1) ~~(\$3,900,000 of the motor vehicle account state appropriation is provided solely for the costs of the regional transportation investment district (RTID) and department of transportation project oversight. The department shall provide support from its urban corridors region to assist in preparing project costs, expenditure plans, and modeling. The department shall not deduct a management reserve, nor charge management or overhead fees. These funds, including those expended since 2003, are provided as a loan to the RTID and shall be repaid to the state within one year following formation of the RTID.~~

~~(\$2,391,000 of the amount provided under this subsection shall lapse, effective January 1, 2008, if voters fail to approve formation of the RTID at the 2007 general election, as determined by the certification of the election results.))~~
\$1,559,000 of the motor vehicle account—state appropriation is provided solely for costs incurred for the 2007 regional transportation investment district election.

(2) ~~(\$300,000)~~ \$800,000 of the multimodal transportation account—state appropriation is provided solely for a transportation demand management program, developed by the Whatcom council of governments, to further reduce drive-alone trips and maximize the use of sustainable transportation choices. The community-based program must focus on all trips, not only commute trips, by providing education, assistance, and incentives to four target audiences: (a) Large work sites; (b) employees of businesses in downtown areas; (c) school children; and (d) residents of Bellingham.

(3) \$320,000 of the motor vehicle account—state appropriation and \$128,000 of the motor vehicle account—federal appropriation are provided solely for development of a freight database to help guide freight investment decisions and track project effectiveness. The database will be based on truck movement tracked through geographic information system technology. TransNow will contribute an additional \$192,000 in federal funds which are not appropriated in the transportation budget. The department shall work with the freight mobility strategic investment board to implement this project.

(4) By December 1, 2008, the department shall require confirmation from jurisdictions that plan under the growth management act, chapter 36.70A RCW, and that receive state transportation funding under this act, that the jurisdictions have adopted standards for access permitting on state highways that meet or exceed department standards in accordance with RCW 47.50.030. The objective of this subsection is to encourage local governments, through the receipt of state transportation funding, to adhere to best practices in access control applicable to development activity significantly impacting state transportation facilities. By January 1, 2009, the department shall submit a report to the appropriate committees of the legislature detailing the progress of the local jurisdictions in adopting the highway access permitting standards.

(5) \$150,000 of the motor vehicle account—federal appropriation is provided solely for the costs to develop an electronic map-based computer application that will enable law enforcement officers and others to more easily locate collisions and other incidents in the field.

(6) The department shall add a position within the freight systems division to provide expertise regarding the trucking aspects of the state's freight system.

(7) The department shall evaluate the feasibility of developing a freight corridor bypass from Everett to Gold Bar on US 2, including a connection to SR 522. US 2 is an important freight corridor, and is an alternative route for I-90. Congestion, safety issues, and flooding concerns have all contributed to the need for major improvements to the corridor. The evaluation shall consider the use of toll lanes for the project. The department must report to the transportation committees of the legislature by December 1, 2007, on its analysis and recommendations regarding the benefit of a freight corridor and the potential use of freight toll lanes to improve safety and congestion in the corridor.

(8) The department shall work with the department of ecology, the county road administration board, and the transportation improvement board to develop model procedures and municipal and state rules in regard to maximizing the use of recycled asphalt on road construction and preservation projects. The department shall report to the joint transportation committee by December 1, 2008, with recommendations on increasing the use of recycled asphalt at the state and local level.

(9) \$140,000 of the multimodal transportation account—state appropriation is provided solely for a full-time employee to develop vehicle miles traveled and other greenhouse gas emissions benchmarks as described in Engrossed Second Substitute House Bill No. 2815. If Engrossed Second Substitute House Bill No. 2815 is not enacted by June 30, 2008, the amount provided in this subsection shall lapse.

(10) \$80,000 of the motor vehicle account—state appropriation is provided solely to study the feasibility of a new interchange on interstate 5 between the city of Rochester and harrison avenue.

(11) \$100,000 of the multimodal transportation account—state appropriation is provided solely to support the commuter rail study between eastern Snohomish county and eastern King county as defined in Substitute House Bill No. 3224. Funds are provided to the Puget Sound regional council for one time only. If Substitute House Bill No. 3224 is not enacted by June 30, 2008, the amount provided in this subsection shall lapse.

Sec. 222. 2007 c 518 s 223 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—CHARGES FROM OTHER AGENCIES—PROGRAM U

Motor Vehicle Account—State Appropriation	((\$66,342,000))
	<u>\$66,102,000</u>
Motor Vehicle Account—Federal Appropriation	\$400,000
Multimodal Transportation Account—State	
Appropriation.	\$259,000
TOTAL APPROPRIATION	((\$67,001,000))
	<u>\$66,761,000</u>

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

(1) \$36,665,000 of the motor vehicle fund—state appropriation is provided solely for the liabilities attributable to the department of transportation. The office of financial management must provide a detailed accounting of the revenues and expenditures of the self-insurance fund to the transportation committees of the legislature on December 31st and June 30th of each year.

(2) Payments in this section represent charges from other state agencies to the department of transportation.

(a) FOR PAYMENT OF OFFICE OF FINANCIAL MANAGEMENT	
DIVISION OF RISK MANAGEMENT FEES	\$1,520,000
(b) FOR PAYMENT OF COSTS OF THE OFFICE OF THE STATE	
AUDITOR.	((\$1,150,000))
	<u>\$1,153,000</u>

(c) FOR PAYMENT OF COSTS OF DEPARTMENT OF GENERAL ADMINISTRATION FACILITIES AND SERVICES AND CONSOLIDATED

MAIL SERVICES .....	..((\$4,157,000))	
		<u>\$4,859,000</u>
(d) FOR PAYMENT OF COSTS OF THE DEPARTMENT OF PERSONNEL .....	..((\$4,033,000))	
		<u>\$7,593,000</u>
(e) FOR PAYMENT OF SELF-INSURANCE LIABILITY PREMIUMS AND ADMINISTRATION	\$36,665,000	
(f) FOR PAYMENT OF THE DEPARTMENT OF GENERAL ADMINISTRATION CAPITAL PROJECTS SURCHARGE	\$1,838,000	
(g) FOR ARCHIVES AND RECORDS MANAGEMENT .....	..((\$647,000))	
		<u>\$677,000</u>
(h) FOR OFFICE OF MINORITIES AND WOMEN BUSINESS ENTERPRISES .....	..((\$1,070,000))	
		<u>\$1,042,000</u>
(i) FOR USE OF FINANCIAL SYSTEMS PROVIDED BY THE OFFICE OF FINANCIAL MANAGEMENT .....	..((\$930,000))	
		<u>\$1,266,000</u>
(j) FOR POLICY ASSISTANCE FROM THE DEPARTMENT OF INFORMATION SERVICES .....	..((\$1,138,000))	
		<u>\$945,000</u>
(k) FOR LEGAL SERVICE PROVIDED BY THE ATTORNEY GENERAL'S OFFICE .....	..((\$8,859,000))	
		<u>\$9,045,000</u>
(l) FOR LEGAL SERVICE PROVIDED BY THE ATTORNEY GENERAL'S OFFICE FOR THE SECOND PHASE OF THE BOLDT LITIGATION	\$158,000	
Sec. 223. 2007 c 518 s 224 (uncodified) is amended to read as follows:		
FOR THE DEPARTMENT OF TRANSPORTATION—PUBLIC TRANSPORTATION—PROGRAM V		
Regional Mobility Grant Program Account—State		
Appropriation	\$40,000,000	
Multimodal Transportation Account—State		
Appropriation .....	..((\$85,202,000))	
		<u>\$85,601,000</u>
Multimodal Transportation Account—Federal		
Appropriation	\$2,582,000	
Multimodal Transportation Account—Private/Local		
Appropriation .....	..((\$291,000))	
		<u>\$659,000</u>
TOTAL APPROPRIATION .....	..((\$128,075,000))	
		<u>\$128,842,000</u>

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

- (1) \$25,000,000 of the multimodal transportation account—state appropriation is provided solely for a grant program for special needs transportation provided by transit agencies and nonprofit providers of transportation.

(a) \$5,500,000 of the amount provided in this subsection is provided solely for grants to nonprofit providers of special needs transportation. Grants for nonprofit providers shall be based on need, including the availability of other providers of service in the area, efforts to coordinate trips among providers and riders, and the cost effectiveness of trips provided.

(b) \$19,500,000 of the amount provided in this subsection is provided solely for grants to transit agencies to transport persons with special transportation needs. To receive a grant, the transit agency must have a maintenance of effort for special needs transportation that is no less than the previous year's maintenance of effort for special needs transportation. Grants for transit agencies shall be prorated based on the amount expended for demand response service and route deviated service in calendar year 2005 as reported in the "Summary of Public Transportation - 2005" published by the department of transportation. No transit agency may receive more than thirty percent of these distributions.

(2) Funds are provided for the rural mobility grant program as follows:

(a) \$8,500,000 of the multimodal transportation account—state appropriation is provided solely for grants for those transit systems serving small cities and rural areas as identified in the Summary of Public Transportation - 2005 published by the department of transportation. Noncompetitive grants must be distributed to the transit systems serving small cities and rural areas in a manner similar to past disparity equalization programs.

(b) \$8,500,000 of the multimodal transportation account—state appropriation is provided solely to providers of rural mobility service in areas not served or underserved by transit agencies through a competitive grant process.

(3) \$8,600,000 of the multimodal transportation account—state appropriation is provided solely for a vanpool grant program for: (a) Public transit agencies to add vanpools; and (b) incentives for employers to increase employee vanpool use. The grant program for public transit agencies will cover capital costs only; no operating costs for public transit agencies are eligible for funding under this grant program. No additional employees may be hired from the funds provided in this section for the vanpool grant program, and supplanting of transit funds currently funding vanpools is not allowed. Additional criteria for selecting grants must include leveraging funds other than state funds.

(4) \$40,000,000 of the regional mobility grant program account—state appropriation is provided solely for the regional mobility grant projects identified on the LEAP Transportation Document 2007-B as developed April 20, 2007. The department shall review all projects receiving grant awards under this program at least semiannually to determine whether the projects are making satisfactory progress. Any project that has been awarded funds, but does not report activity on the project within one year of the grant award, shall be reviewed by the department to determine whether the grant should be terminated. The department shall promptly close out grants when projects have been completed, and any remaining funds available to the office of transit mobility shall be used only to fund projects on the LEAP Transportation Document 2007-B as developed April 20, 2007. The department shall provide annual status reports on December 15, 2007, and December 15, 2008, to the

office of financial management and the transportation committees of the legislature regarding the projects receiving the grants.

(5) \$17,168,087 of the multimodal transportation account—state appropriation is reappropriated and provided solely for the regional mobility grant projects identified on the LEAP Transportation Document 2006-D, regional mobility grant program projects as developed March 8, 2006. The department shall continue to review all projects receiving grant awards under this program at least semiannually to determine whether the projects are making satisfactory progress. The department shall promptly close out grants when projects have been completed, and any remaining funds available to the office of transit mobility shall be used only to fund projects on the LEAP Transportation Document 2007-B as developed April 20, 2007, or the LEAP Transportation Document 2006-D as developed March 8, 2006.

(6) \$200,000 of the multimodal transportation account—state appropriation is provided solely for the department to study and then develop pilot programs aimed at addressing commute trip reduction strategies for K-12 students and for college and university students. The department shall submit to the legislature by January 1, 2009, a summary of the program results and recommendations for future student commute trip reduction strategies. The pilot programs are described as follows:

(a) The department shall consider approaches, including mobility education, to reducing and removing traffic congestion in front of schools by changing travel behavior for elementary, middle, and high school students and their parents; and

(b) The department shall design a program that includes student employment options as part of the pilot program applicable to college and university students.

(7) \$2,400,000 of the multimodal account—state appropriation is provided solely for establishing growth and transportation efficiency centers (GTEC). Funds are appropriated for one time only. The department shall provide in its annual report to the legislature an evaluation of the GTEC concept and recommendations on future funding levels.

(8) \$381,000 of the multimodal transportation account—state appropriation is provided solely for the implementation of Substitute House Bill No. 1694 (reauthorizing the agency council on coordinated transportation). If Substitute House Bill No. 1694 is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(9) (~~(\$136,000)~~) \$504,000 of the multimodal transportation account—private/local appropriation is provided solely for the implementation of Senate Bill No. 5084 (updating rail transit safety plans). If Senate Bill No. 5084 is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

(10) \$60,000 of the multimodal transportation account—state appropriation is provided solely for low-income car ownership programs. The department shall collaborate with interested regional transportation planning organizations and metropolitan planning organizations to determine the effectiveness of the programs at providing transportation solutions for low-income persons who depend upon cars to travel to their places of employment.

(11) \$1,000,000 of the multimodal transportation account—state appropriation is provided solely for additional funding for the trip reduction

performance program, including telework enhancement projects. Funds are appropriated for one time only.

(12) ~~(\$2,000,000)~~ \$2,309,000 of the multimodal transportation account—state appropriation is provided solely for the tri-county connection service for Island, Skagit, and Whatcom transit agencies.

(13) \$150,000 of the multimodal transportation account—state appropriation is provided solely as a grant for a telework pilot project to be developed, administered, and monitored by the Kitsap regional coordinating council. Funds are appropriated for one time only. The primary purposes of the pilot project are to educate employers about telecommuting, develop telework policies and resources for employers, and reduce traffic congestion by encouraging teleworking in the workplace. As part of the pilot project, the council shall recruit public and private sector employer participants throughout the county, identify telework sites, develop an employer's toolkit consisting of teleworking resources, and create a telecommuting template that may be applied in other communities. The council shall submit to the legislature by July 1, 2009, a summary of the program results and any recommendations for future telework strategies.

*Sec. 224. 2007 c 518 s 225 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—MARINE—PROGRAM X

Puget Sound Ferry Operations Account—State

Appropriation.....	((\$412,189,000))
	<u>\$426,761,000</u>

Multimodal Transportation Account—State

Appropriation.....	((\$1,830,000))
	<u>\$1,914,000</u>

TOTAL APPROPRIATION	((\$414,019,000))
	<u>\$428,675,000</u>

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

(1) ~~(\$79,191,000)~~ \$90,299,000 of the Puget Sound ferry operations—state appropriation is provided solely for auto ferry vessel operating fuel in the 2007-2009 biennium.

(2) The Washington state ferries must work with the department's information technology division to implement an electronic fare system, including the integration of the regional fare coordination system (smart card). Each December and June, semiannual updates must be provided to the transportation committees of the legislature concerning the status of implementing and completing this project, with updates concluding the first December after full project implementation.

(3) The Washington state ferries shall continue to provide service to Sidney, British Columbia.

(4) ~~(\$1,830,000)~~ \$1,914,000 of the multimodal transportation account—state appropriation is provided solely to provide passenger-only ferry service. The ferry system shall continue passenger-only ferry service from Vashon Island to Seattle through June 30, 2008. Ferry system management shall continue to implement its agreement with the inlandboatmen's union of the pacific and the

international organization of masters, mates and pilots providing for part-time passenger-only work schedules.

(5) \$932,000 of the Puget Sound ferries operations account—state appropriation is provided solely for compliance with department of ecology rules regarding the transfer of oil on or near state waters. Funding for compliance with on-board fueling rules is provided for the 2008 fiscal year. The department may request funding for the 2009 fiscal year if the request is submitted with an alternative compliance plan filed with the department of ecology, as allowed by rule.

(6) \$1,116,000 of the Puget Sound ferry operations account—state appropriation is provided solely for ferry security operations necessary to comply with the ferry security plan submitted by the Washington state ferry system to the United States coast guard. The department shall track security costs and expenditures. Ferry security operations costs shall not be included as part of the operational costs that are used to calculate farebox recovery.

(7) \$378,000 of the Puget Sound ferry operations account—state appropriation is provided solely to meet the United States coast guard requirements for appropriate rest hours between shifts for vessel crews on the Bainbridge to Seattle and Edmonds to Kingston ferry routes.

(8) \$694,000 of the Puget Sound ferries operating account—state appropriation is provided solely for implementing Engrossed Substitute House Bill No. 2358 as follows:

(a) The department shall allow the joint transportation committee work group established in section 205(1) of this act to participate in the following elements as they are described in Engrossed Substitute House Bill No. 2358:

(i) Development and implementation of a survey of ferry customers;

(ii) Analysis and reestablishment of vehicle level of service standards. In reestablishing the standards, consideration shall be given to whether boat wait is the appropriate measure. The level of service standard shall be reestablished in conjunction with or after the survey has been implemented;

(iii) Development of pricing policy proposals. In developing these policies, the policies, in effect on some routes, of collecting fares in only one direction shall be evaluated to determine whether one-way fare pricing best serves the ferry system. The pricing policy proposals must be developed in conjunction with or after the survey has been implemented;

(iv) Development of operational strategies. The operational strategies shall be reestablished in conjunction with the survey or after the survey has been implemented;

(v) Development of terminal design standards. The terminal design standards shall be finalized after the provisions of subsections (a)(i) through (iv) and subsection (b) of this section have been developed and reviewed by the joint transportation committee; and

(vi) Development of a capital plan. The capital plan shall be finalized after terminal design standards have been developed by the department and reviewed by the joint transportation committee.

(b) The department shall develop a ridership demand forecast that shall be used in the development of a long-range capital plan. If more than one forecast is developed they must be reconciled.

(c) The department shall update the life cycle cost model to meet the requirements of Engrossed Substitute House Bill No. 2358 no later than August 1, 2007.

(d) The department shall develop a cost allocation methodology proposal to meet the requirements described in Engrossed Substitute House Bill No. 2358. The proposal shall be completed and presented to the joint transportation committee no later than August 1, 2007.

(9) \$200,000 of the Puget Sound ferry operations account—state appropriation is provided solely for the initial acquisition of transportation worker identification credentials required by the United States department of homeland security for unescorted access to secure areas of ferries and terminals.

(10) The legislature finds that a rigorous incident investigation process is an essential component of marine safety. The department is directed to review its accident and incident investigation procedures and report the results of its review with any proposals for changes to the legislature by November 1, 2008.

(11) The department shall allow the use, by two separate drivers, of fare media allowing for multiple discounted vehicle trips aboard Washington state ferries vessels.

(12) Washington state ferries may investigate the implementation of a pilot car-sharing program in the San Juan Islands, in order to reduce the peak auto-load pressures on the inter-island San Juan ferry system and provide a convenient alternative for the residents of the San Juan Islands. Under the pilot program, inter-island passengers should be able to reserve a car, pay their normal automobile ferry fare, walk on the ferry, and use the shared car upon arrival. The Washington state ferries shall report to the transportation committees of the legislature by November 15, 2008, regarding the feasibility of the pilot program, including whether the difference between the passenger ferry fare and the automobile ferry fare would cover the subsidy costs needed to implement the pilot program.

(13) While developing fare and pricing policy proposals, the department may consider the desirability of reasonable fares for persons using the ferry system to commute daily to work and other frequent users who live in ferry-dependent communities.

(14) \$357,000 of the Puget Sound ferry operations account—state appropriation is for two extra trips per day, beyond the current schedule, from May 19, 2008, through September 8, 2008, at the Port Townsend/Keystone route.

*Sec. 224 was partially vetoed. See message at end of chapter.

Sec. 225. 2007 c 518 s 226 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—RAIL—PROGRAM Y—OPERATING

Multimodal Transportation Account—State

Appropriation.((~~\$37,034,000~~))
\$37,010,000

The appropriation in this section is subject to the following conditions and limitations:

(1) The department shall publish a final long-range plan for Amtrak Cascades by September 30, 2007. By December 31, 2008, the department shall

submit to the office of financial management and the transportation committees of the legislature a midrange plan for Amtrak Cascades that identifies specific steps the department would propose to achieve additional service beyond current levels.

(2)(a) \$29,091,000 of the multimodal transportation account—state appropriation is provided solely for the Amtrak service contract and Talgo maintenance contract associated with providing and maintaining the state-supported passenger rail service. Upon completion of the rail platform project in the city of Stanwood, the department shall provide daily Amtrak Cascades service to the city.

(b) The department shall negotiate with Amtrak and Burlington Northern Santa Fe to adjust the Amtrak Cascades schedule to leave Bellingham at a significantly earlier hour.

(c) When Amtrak Cascades expands the second roundtrip between Vancouver, B.C. and Seattle, the department shall negotiate for the second roundtrip to leave Bellingham southbound no later than 8:30 a.m.

(3) No Amtrak Cascade runs may be eliminated.

(4) \$40,000 of the multimodal transportation account—state appropriation is provided solely for the produce railcar program. The department is encouraged to implement the produce railcar program by maximizing private investment.

(5) The department shall begin planning for a third roundtrip Cascades train between Seattle and Vancouver, B.C. by 2010.

Sec. 226. 2007 c 518 s 227 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—LOCAL PROGRAMS—PROGRAM Z—OPERATING

Motor Vehicle Account—State Appropriation	(\$8,630,000)
	<u>\$8,981,000</u>
Motor Vehicle Account—Federal Appropriation	\$2,567,000
TOTAL APPROPRIATION	(\$11,197,000)
	<u>\$11,548,000</u>

(1) The appropriations in this section are subject to the following conditions and limitations: The department of transportation shall provide up to \$2,700,000 in toll credits to Kitsap transit for passenger-only ferry service and up to \$750,000 in toll credits to the port of Kingston for the purchase of a passenger-only ferry vessel. The number of toll credits provided to Kitsap transit and the port of Kingston must be equal to, but no more than, a number sufficient to meet federal match requirements for grant funding for passenger-only ferry service, but shall not exceed the amount authorized under this section. The department may not allocate, grant, or utilize any state or state appropriated or managed federal funds as a match to the federal grant funding on projects to which these toll credits are applied.

(2) \$902,000 of the motor vehicle account—state appropriation is provided solely to Wahkiakum county for operating and maintenance costs of the Puget Island-Westport ferry.

TRANSPORTATION AGENCIES—CAPITAL

Sec. 301. 2007 c 518 s 301 (uncodified) is amended to read as follows:

FOR THE WASHINGTON STATE PATROL

State Patrol Highway Account—State Appropriation(~~\$2,934,000~~)
\$4,234,000

The appropriation in this section is subject to the following conditions and limitations:

(1) \$2,200,000 is provided solely for the following minor works projects: \$195,000 for HVAC renovation at the Chehalis, Kelso, Okanogan, and Ellensburg detachments; \$50,000 for roof replacements at the Toppenish, SeaTac NB, SeaTac SB, and Plymouth weigh stations; \$35,000 for replacement of the Shelton academy roof drain and downspout; \$100,000 for parking lot repairs at Okanogan, Goldendale, Ritzville, and Moses Lake detachment offices and the Wenatchee 6 headquarters; \$290,000 for replacement of the weigh station scales at Brady and Artic; \$152,000 for carpet replacement at the Ritzville, Moses Lake, Morton, Kelso, Chehalis, Walla Walla, Kennewick, South King, and Hoquiam detachment offices; \$185,000 for HVAC replacement at Tacoma and Marysville detachment offices; \$330,000 for repair and upgrade of the Bellevue tower; \$473,000 for replacement of twenty-one communication site underground fuel tanks; \$240,000 for replacement of communication site buildings at Lind, Scoggans Mountain, and Lewiston Ridge; and \$150,000 for unforeseen emergency repairs.

(2) \$687,000 is provided solely for design and construction of regional waste water treatment systems for the Shelton academy of the Washington state patrol.

(3) \$47,000 is provided solely for predesign of a single, consolidated aviation facility at the Olympia airport to house the fixed wing operations of the Washington state patrol, the department of natural resources (DNR), and the department of fish and wildlife, and the rotary operations of the DNR.

(4) \$1,300,000 of the state patrol highway account—state appropriation is provided solely for the acquisition of land adjacent to the Shelton training academy for anticipated expansion; however, the amount provided in this subsection is contingent on the Washington state patrol adding a surcharge to the rates charged to any other agency or entity that uses the academy in an amount sufficient to defray a share of the expansion costs that is proportionate to the relative volume of use of the academy by such agencies or entities. The surcharge imposed must be sufficient to recover the requisite portion of the academy expansion costs within ten years of the effective date of this subsection.

Sec. 302. 2007 c 518 s 302 (uncodified) is amended to read as follows:

FOR THE COUNTY ROAD ADMINISTRATION BOARD

Rural Arterial Trust Account—State Appropriation. \$64,000,000
Motor Vehicle Account—State Appropriation(~~\$2,368,000~~)
\$2,370,000

County Arterial Preservation Account—State
Appropriation.(~~\$32,861,000~~)
\$32,641,000

TOTAL APPROPRIATION(~~\$99,229,000~~)
\$99,011,000

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

(1) ~~((\$2,069,000))~~ \$2,370,000 of the motor vehicle account—state appropriation may be used for county ~~((ferries. The board shall review the requests for county ferry funding in consideration with other projects funded from the board. If the board determines these projects are a priority over the projects in the rural arterial and county arterial preservation grant programs, then they may provide funding for these requests))~~ ferry projects as set forth in RCW 47.56.725(4).

(2) The appropriations contained in this section include funding to counties to assist them in efforts to recover from winter storm and flood damage, by providing capitalization advances and local match for federal emergency funding as determined by the county road administration board. The county road administration board shall specifically identify any such selected projects and shall include information concerning them in its next annual report to the legislature.

Sec. 303. 2007 c 518 s 303 (uncodified) is amended to read as follows:

FOR THE TRANSPORTATION IMPROVEMENT BOARD

Small City Pavement and Sidewalk Account—State

Appropriation ~~((\$4,500,000))~~
\$5,900,000

Urban Arterial Trust Account—State Appropriation ~~((\$129,600,000))~~
\$126,600,000

Transportation Improvement Account—State

Appropriation ~~((\$90,643,000))~~
\$87,143,000

TOTAL APPROPRIATION ~~((\$224,743,000))~~
\$219,643,000

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

(1) The transportation improvement account—state appropriation includes up to \$7,143,000 in proceeds from the sale of bonds authorized in RCW 47.26.500.

(2) The urban arterial trust account—state appropriation includes up to \$15,000,000 in proceeds from the sale of bonds authorized in Substitute House Bill No. 2394. If Substitute House Bill No. 2394 is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

NEW SECTION. Sec. 304. A new section is added to 2007 c 518 (uncodified) to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION. The nickel and transportation partnership revenue packages were created in 2003 and 2005 to finance transportation construction over a sixteen year period. Since the adoption of the 2003 and 2005 transportation project lists, significant cost increases have resulted from extraordinary inflation. At the same time, motor vehicle fuel prices have risen dramatically, and state and federal gas tax revenues dedicated to paying for these programs are forecasted to decrease over the

sixteen year time period. Additional cost increases and eroding revenues will be difficult, if not impossible, to accommodate in the sixteen year financial plan.

As part of its budget submittal for the 2009-2011 biennium, the department of transportation shall prepare information regarding the nickel and transportation partnership funded projects for consideration by the office of financial management and the legislative transportation committees that:

- (1) Compares the original project cost estimates approved in the 2003 and 2005 project list to the completed cost of the project, or the most recent legislatively approved budget and total project costs for projects not yet completed;
- (2) Identifies highway projects that may be reduced in scope and still achieve a functional benefit;
- (3) Identifies highway projects that have experienced scope increases and that can be reduced in scope;
- (4) Identifies highway projects that have lost significant local or regional contributions which were essential to completing the project; and
- (5) Identifies contingency amounts allocated to projects.

Sec. 305. 2007 c 518 s 304 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF TRANSPORTATION—PROGRAM D
(DEPARTMENT OF TRANSPORTATION-ONLY PROJECTS)—
CAPITAL**

Motor Vehicle Account—State Appropriation	((\$6,202,000))
	<u>\$6,255,000</u>

The appropriation in this section is subject to the following conditions and limitations:

- (1) \$584,000 of the motor vehicle account—state appropriation is for statewide administration.
- (2) (~~(\$750,000)~~) \$803,000 of the motor vehicle account—state appropriation is for regional minor projects.
- (3) \$568,000 of the motor vehicle account—state appropriation is for the Olympic region headquarters property payments.
- (4) By September 1, 2007, the department shall submit to the transportation committees of the legislature predesign plans, developed using the office of financial management's predesign process, for all facility replacement projects to be proposed in the facilities 2008 budget proposal.
- (5) \$1,600,000 of the motor vehicle account—state appropriation is for site acquisition for the Tri-cities area maintenance facility.
- (6) \$2,700,000 of the motor vehicle account—state appropriation is for site acquisition for the Vancouver light industrial facility.
- (7) The department shall work with the office of financial management and staff of the transportation committees of the legislature to develop a statewide inventory of all department-owned surplus property that is suitable for development for department facilities or that should be sold. By December 1, 2008, the department shall report to the joint transportation committee on the findings of this study.

***Sec. 306.** 2007 c 518 s 305 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF TRANSPORTATION—
IMPROVEMENTS—PROGRAM I**

Transportation Partnership Account—State	
Appropriation	(((\$1,226,516,000))
	<u>\$1,109,593,000</u>
Motor Vehicle Account—State Appropriation	(((\$82,045,000))
	<u>\$87,210,000</u>
Motor Vehicle Account—Federal Appropriation	(((\$404,090,000))
	<u>\$457,580,000</u>
Motor Vehicle Account—Private/Local	
Appropriation	(((\$49,157,000))
	<u>\$64,487,000</u>
Special Category C Account—State Appropriation	(((\$29,968,000))
	<u>\$29,125,000</u>
<u>Multimodal Transportation Account—Federal</u>	
<u>Appropriation</u>	<u>\$86,100,000</u>
Tacoma Narrows Toll Bridge Account—State	
Appropriation	(((\$142,484,000))
	<u>\$32,277,000</u>
Transportation 2003 Account (Nickel Account)—State	
Appropriation	(((\$1,100,746,000))
	<u>\$1,147,529,000</u>
(Freight Congestion Relief Account—State	
 Appropriation	\$40,000,000))
<u>Freight Mobility Multimodal Account—State</u>	
<u>Appropriation</u>	<u>\$208,000</u>
TOTAL APPROPRIATION	(((\$3,075,006,000))
	<u>\$3,014,109,000</u>

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

(1) Except as provided otherwise in this section, the entire transportation 2003 account (nickel account) appropriation and the entire transportation partnership account appropriation are provided solely for the projects and activities as listed by fund, project, and amount in LEAP Transportation Document ((~~2007-1~~) 2008-1, Highway Improvement Program (I) as developed ((~~April 20, 2007~~) March 10, 2008). However, limited transfers of specific line-item project appropriations may occur between projects for those amounts listed subject to the conditions and limitations in section 603 of this act.

(2) The department shall not commence construction on any part of the state route number 520 bridge replacement and HOV project until a record of decision has been reached providing reasonable assurance that project impacts will be avoided, minimized, or mitigated as much as practicable to protect against further adverse impacts on neighborhood environmental quality as a result of repairs and improvements made to the state route 520 bridge and its connecting roadways, and that any such impacts will be addressed through engineering design choices, mitigation measures, or a combination of both. The requirements of this section shall not apply to off-site pontoon construction supporting the state route number 520 bridge replacement and HOV project.

(3) Within the amounts provided in this section, ~~((\$1,991,000))~~ \$1,895,000 of the transportation partnership account—state appropriation, ~~((\$1,656,000))~~ \$2,147,000 of the motor vehicle account—federal appropriation, and ~~((\$8,343,000))~~ \$10,331,000 of the transportation 2003 account (nickel account)—state appropriation are for project 109040T as identified in the LEAP transportation document referenced in subsection (1) of this section: I-90/Two Way Transit-Transit and HOV Improvements - Stage 1. Expenditure of the funds on construction is contingent upon revising the access plan for Mercer Island traffic such that Mercer Island traffic will have access to the outer roadway high occupancy vehicle (HOV) lanes during the period of operation of such lanes following the removal of Mercer Island traffic from the center roadway and prior to conversion of the outer roadway HOV lanes to high occupancy toll (HOT) lanes. Sound transit may only have access to the center lanes when alternative R8A is complete.

(4) The Tacoma Narrows toll bridge account—state appropriation includes up to ~~((\$131,016,000))~~ \$18,000,000 in proceeds from the sale of bonds authorized by RCW 47.10.843.

(5) The funding described in this section includes ~~((\$8,095,541))~~ \$36,693,000 of the transportation 2003 account (nickel account)—state appropriation and ~~((\$237,241 of the motor vehicle account—private/local))~~ \$208,000 of the freight mobility multimodal account—state appropriation, which are for the SR 519 project identified as project number 851902A in the LEAP Transportation Document referenced in subsection (1) of this section. The total project is expected to cost no more than \$74,400,000 including ~~((\$11,950,000))~~ \$10,610,000 in contributions from project partners, including Burlington Northern Santa Fe railroad.

(6) To promote and support community-specific noise reduction solutions, the department shall:

(a) Prepare a draft directive that establishes how each community's priorities and concerns may be identified and addressed in order to allow consideration of a community's preferred methods of advanced visual shielding and aesthetic screening, for the purpose of improving the noise environment of major state roadway projects in locations that do not meet the criteria for standard noise barriers. The intent is for these provisions to be supportable by existing project budgets. The directive shall also include direction on the coordination and selection of visual and aesthetic options with local communities. The draft directive shall be provided to the standing transportation committees of the legislature by January 2008; and

(b) Pilot the draft directive established in (a) of this subsection in two locations along major state roadways. If practicable, the department should begin work on the pilot projects while the directive is being developed. One pilot project shall be located in Clark county on a significant capacity improvement project. The second pilot project shall be located in urban King county, which shall be on a corridor highway project through mixed land use areas that is nearing or under construction. The department shall provide a written report to the standing transportation committees of the legislature on the findings of the Clark county pilot project by January 2009, and the King county pilot project by January 2010. Based on results of the pilot projects, the

department shall update its design manual, environmental procedures, or other appropriate documents to incorporate the directive.

~~((8))~~ (7) If the "Green Highway" provisions of Engrossed Second Substitute House Bill No. 1303 (cleaner energy) are enacted, the department shall erect signs on the interstate highways included in those provisions noting that these interstates have been designated "Washington Green Highways."

~~((9))~~ (8) If on the I-405/I-90 to SE 8th Street Widening project the department finds that there is an alternative investment to preserve reliable rail accessibility to major manufacturing sites within the I-405 corridor that are less expensive than replacing the Wilburton Tunnel, the department may enter into the necessary agreements to implement that alternative provided that costs remain within the approved project budget.

~~((11))~~ (9) The department shall apply for surface transportation program (STP) enhancement funds to be expended in lieu of or in addition to state funds for eligible costs of projects in Programs I and P, including, but not limited to, the SR 518, SR 519, SR 520, and Alaskan Way Viaduct projects.

~~((12))~~ (10) \$250,000 of the motor vehicle account—state appropriation ~~((is))~~ and \$226,000 of the motor vehicle account—federal appropriation are provided solely for an inland pacific hub study to develop an inland corridor for the movement of freight and goods to and through eastern Washington; and \$500,000 of the motor vehicle account—state appropriation is provided solely for the SR3/SR16 corridor study to plan and prioritize state and local improvements needed over the next 10-20 years to support safety, capacity development, and economic development within the corridor.

~~((13))~~ (11) The department shall, on a quarterly basis beginning July 1, 2007, provide to the office of financial management and the legislature reports providing the status on each active project funded in part or whole by the transportation 2003 account (nickel account) or the transportation partnership account. Funding provided at a programmatic level for transportation partnership account and transportation 2003 account (nickel account) projects relating to bridge rail, guard rail, fish passage barrier removal, and roadside safety projects should be reported on a programmatic basis. Projects within this programmatic level funding should be completed on a priority basis and scoped to be completed within the current programmatic budget. Other projects may be reported on a programmatic basis. The department shall work with the office of financial management and the transportation committees of the legislature to agree on report formatting and elements. Elements shall include, but not be limited to, project scope, schedule, and costs. The department shall also provide the information required under this subsection on a quarterly basis via the transportation executive information systems (TEIS).

~~((14))~~ (12) The department shall apply for the competitive portion of federal transit administration funds for eligible transit-related costs of the SR 520 bridge replacement and HOV project. The federal funds described in this subsection shall not include those federal transit administration funds distributed by formula.

~~((15))~~ (13) Funding provided by this act for the Alaskan Way Viaduct project shall not be spent for preliminary engineering, design, right-of-way acquisition, or construction on the project if completion of the project would more likely than not reduce the capacity of the facility. Capacity shall be

measured by including the consideration of the efficient movement of people and goods on the facility.

~~((16))~~ (14) The governor shall convene a collaborative process involving key leaders to determine the final project design for the Alaskan Way Viaduct.

(a) The process shall be guided by the following common principles: Public safety must be maintained; the final project shall meet both capacity and mobility needs; and taxpayer dollars must be spent responsibly.

(b) The state's project expenditures shall not exceed \$2,800,000,000.

(c) A final design decision shall be made by December 31, 2008.

~~((17))~~ (15) During the 2007-09 biennium, the department shall proceed with a series of projects on the Alaskan Way Viaduct that are common to any design alternative. Those projects include relocation of two electrical transmission lines, Battery Street tunnel upgrades, seismic upgrades from Lenora to the Battery Street tunnel, viaduct removal from Holgate to King Street, and development of transit enhancements and other improvements to mitigate congestion during construction.

~~((18))~~ The entire freight congestion relief account—state appropriation is contingent upon the enactment during the 2007-2009 fiscal biennium of a bill, resulting from the study established in Substitute Senate Bill No. 5207, that makes available funding to support project expenditures funded from the freight congestion relief account created in Substitute Senate Bill No. 5207. If such a funding bill is not enacted by June 30, 2009, the entire freight congestion relief account—state appropriation shall lapse.

~~((19))~~ (16) *The transportation 2003 account (nickel account)—state appropriation includes up to ~~((874,610,000))~~ \$825,000,000 in proceeds from the sale of bonds authorized by RCW 47.10.861.*

~~((20))~~ (17) *The transportation partnership account—state appropriation includes up to ~~((900,000,000))~~ \$740,000,000 in proceeds from the sale of bonds authorized in RCW 47.10.873.*

~~((21))~~ (18) The special category C account—state appropriation includes up to ~~((22,080,000))~~ \$21,497,000 in proceeds from the sale of bonds authorized in Substitute House Bill No. 2394. If Substitute House Bill No. 2394 is not enacted by June 30, 2007, the amount provided in this subsection shall lapse.

~~((22))~~ (19) \$4,500,000 of the motor vehicle account—federal appropriation is provided solely for cost increases on the SR 304/Bremerton tunnel project.

~~((23))~~ ~~\$3,000,000~~ (20) \$2,071,000 of the motor vehicle account—~~((state))~~ federal appropriation is provided solely for initial design and right of way work on a new southbound SR 509 to eastbound SR 518 freeway-to-freeway elevated ramp.

~~((24))~~ (21) \$500,000 of the motor vehicle account—federal appropriation to the SR 543/I-5 to Canadian border project is provided solely for retaining wall facia improvements.

~~((25))~~ ~~\$1,400,000~~ (22) \$950,000 of the motor vehicle account—federal appropriation ~~((is))~~ and \$24,000 of the motor vehicle account—state appropriation are provided solely for the Westview school noise wall.

~~((26))~~ (23) \$1,600,000 of the motor vehicle account—~~((federal))~~ state appropriation is provided solely for two noise walls on SR 161 in King county.

~~((27))~~ (24) ~~(\$900,000)~~ \$20,000 of the motor vehicle account—state appropriation and ~~(\$100,000)~~ \$280,000 of the motor vehicle account—federal appropriation are provided solely for interchange design and planning work on US 12 at A street and tank farm road.

(25) The funding described in this section includes \$19,939,000 of the transportation partnership account—state appropriation, \$29,000 of the motor vehicle account—state appropriation, \$308,000 of the motor vehicle account—private/local appropriation, and \$17,900,000 of the motor vehicle account—federal appropriation for the I-5/Columbia river crossing/Vancouver project. The funding described in this subsection includes up to \$15,000,000 awarded to Washington and Oregon jointly through the U.S. department of transportation corridors of the future program in the 2007 federal highway authority discretionary fund allocations.

(26) The department shall study any outstanding issues, including financial issues that may apply to the I-5/Columbia river crossing/Vancouver project. The department's efforts must include an analysis of current bi-state efforts in planning, coordination, and funding for the project; opportunities for the joining of state and local government agencies and the private sector in a strong partnership that contributes to the completion of the project; and opportunities to work with the congressional delegations of Oregon and Washington to provide federal funding and other assistance that will advance this project of national and regional significance.

(27) \$1,500,000 of the motor vehicle account—federal appropriation and \$4,908,000 of the transportation partnership account—state appropriation are provided solely for project 109040Q as identified in the LEAP transportation document in subsection (1) of this section: I-90/Two-Way Transit-Transit and HOV Improvements, Stages 2 and 3. Of these amounts, up to \$550,000 of the transportation partnership account—state appropriation is to provide funding for an independent technical review, overseen by the joint transportation committee, of light rail impacts on the Interstate 90 - Homer Hadley Floating Bridge. The technical review shall complement sound transit's current and planned engineering design work to expand light rail in the central Puget Sound region. The department shall coordinate its work with sound transit and seek contributions from sound transit for the review.

(28) \$1,400,000 of the motor vehicle account—state appropriation is provided solely for safety improvements on US Highway 2 between Monroe and Gold Bar. Additional project funding of \$8,600,000 is assumed in the 2009-2011 biennium, bringing the total project funding to \$10,000,000. This high priority safety project will provide safety enhancements on US Highway 2 between Gold Bar and Monroe, such as a passing lane or interchange/turning lane improvements. The department shall seek input from the US Highway 2 safety coalition to select projects that will help reduce fatalities on this corridor.

(29) \$2,267,000 of the motor vehicle account—federal appropriation, \$218,500 of the motor vehicle account—state appropriation, and \$1,500,000 of the motor vehicle account—private/local appropriation are provided solely for installing centerline rumble strips and related improvements on US Highway 2 between Monroe and Sultan. The section of US Highway 2 from Monroe to Deception Creek has a high frequency of centerline crossover collisions. By installing centerline rumble strips, the project will reduce the risk of crossover

collisions. This project will also place shoulder rumble strips between Monroe and Sultan.

(30) \$1,500,000 of the motor vehicle account—state appropriation is provided solely for the SR 28/E End of the George Sellar bridge (202802V) for the purpose of funding a pedestrian tunnel connection. This funding is provided in anticipation of a federal grant specific to this project, which, if received, must be used to reimburse the state funding provided in this subsection.

(31) For the period of preconstruction tolling on the state route 520 bridge, the department shall develop improvements of traffic flow from the eastern Lake Washington shoreline to 108th avenue northeast in Bellevue including:

(a) Near-term, low-cost enhancements which relocate the high-occupancy vehicle lanes to the inside of the alignment; and

(b) A plan for an accelerated improvement project for the construction of median flyer stops, reconfiguration of interchanges, addition of direct access ramps, community enhancement lids, and pedestrian/bike path connections. The department shall report to the joint transportation committee by September 1, 2008, on the short-term low-cost improvement plans and include in their budget submittal to the office of financial management a proposal for the accelerated improvement project.

*Sec. 306 was partially vetoed. See message at end of chapter.

Sec. 307. 2007 c 518 s 306 (uncodified) is amended to read as follows:

**FOR THE DEPARTMENT OF TRANSPORTATION—
PRESERVATION—PROGRAM P**

Transportation Partnership Account—State	
Appropriation	(\$220,164,000)
	\$181,666,000
Motor Vehicle Account—State Appropriation	(\$71,392,000)
	\$86,540,000
Motor Vehicle Account—Federal Appropriation	(\$425,161,000)
	\$463,338,000
Motor Vehicle Account—Private/Local Appropriation	(\$15,285,000)
	\$18,138,000
Transportation 2003 Account (Nickel Account)—State	
Appropriation	(\$5,122,000)
	\$11,136,000
Puyallup Tribal Settlement Account—State	
Appropriation	(\$11,000,000)
	\$12,500,000
TOTAL APPROPRIATION	(\$748,124,000)
	\$773,318,000

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

(1) Except as provided otherwise in this section, the entire transportation 2003 account (nickel account) appropriation and the entire transportation partnership account appropriation are provided solely for the projects and activities as listed by fund, project, and amount in LEAP Transportation Document ((2007-1) 2008-1, Highway Preservation Program (P) as developed ((April 20, 2007)) March 10, 2008. However, limited transfers of specific line-

item project appropriations may occur between projects for those amounts listed subject to the conditions and limitations in section 603 of this act.

(2) (~~(\$295,000)~~) \$287,000 of the motor vehicle account—federal appropriation and (~~(\$5,000)~~) \$11,000 of the motor vehicle account—state appropriation are provided solely for the department to determine the most cost efficient way to replace the current Keller ferry. Options reviewed shall not include an expansion of the current capacity of the Keller ferry.

(3) (~~(\$5,513,000)~~) \$5,308,000 of the transportation partnership account—state appropriation is provided solely for the purposes of settling all identified and potential claims from the Lower Elwha Klallam Tribe related to the construction of a graving dock facility on the graving dock property. In the matter of *Lower Elwha Klallam Tribe et al v. State et al*, Thurston county superior court, cause no. 05-2-01595-8, the Lower Elwha Klallam Tribe and the state of Washington entered into a settlement agreement that settles all claims related to graving dock property and associated construction and releases the state from all claims related to the construction of the graving dock facilities. The expenditure of this appropriation is contingent on the conditions and limitations set forth in subsections (a) and (b) of this subsection.

(a) \$2,000,000 of the transportation partnership account—state appropriation is provided solely for the benefit of the Lower Elwha Klallam Tribe to be disbursed by the department in accordance with terms and conditions of the settlement agreement.

(b) (~~(\$3,513,000)~~) \$3,308,000 of the transportation partnership account—state appropriation is provided solely for the department's remediation work on the graving dock property in accordance with the terms and conditions of the settlement agreement.

(4) The department shall apply for surface transportation program (STP) enhancement funds to be expended in lieu of or in addition to state funds for eligible costs of projects in Programs I and P, including, but not limited to, the SR 518, SR 519, SR 520, and Alaskan Way Viaduct projects.

(5) The department shall, on a quarterly basis beginning July 1, 2007, provide to the office of financial management and the legislature reports providing the status on each active project funded in part or whole by the transportation 2003 account (nickel account) or the transportation partnership account. Funding provided at a programmatic level for transportation partnership account projects relating to seismic bridges should be reported on a programmatic basis. Projects within this programmatic level funding should be completed on a priority basis and scoped to be completed within the current programmatic budget. Other projects may be reported on a programmatic basis. The department shall work with the office of financial management and the transportation committees of the legislature to agree on report formatting and elements. Elements shall include, but not be limited to, project scope, schedule, and costs. The department shall also provide the information required under this subsection on a quarterly basis via the transportation executive information systems (TEIS).

(6) The department of transportation shall continue to implement the lowest life cycle cost planning approach to pavement management throughout the state to encourage the most effective and efficient use of pavement preservation

funds. Emphasis should be placed on increasing the number of roads addressed on time and reducing the number of roads past due.

(7) ~~((2,604,501))~~ \$13,257,000 of the motor vehicle account—federal appropriation and ~~((3,000,000))~~ \$5,000,000 of the motor vehicle account—state appropriation are for expenditures on damaged state roads due to flooding, mudslides, rock fall, or other unforeseen events.

(8) ~~((9,665))~~ \$188,000 of the motor vehicle account—state appropriation, ~~((12,652,812))~~ \$28,749,000 of the motor vehicle account—federal appropriation, and ~~((138,174,581))~~ \$105,653,000 of the transportation partnership account—state appropriation are provided solely for the Hood Canal bridge project.

(9) \$12,500,000 of the Puyallup tribal settlement account—state appropriation is provided solely for mitigation costs associated with the Murray Morgan/11th Street Bridge demolition. The department may negotiate with the city of Tacoma for the purpose of transferring ownership of the Murray Morgan/11th Street Bridge to the city. If the city agrees to accept ownership of the bridge, the department may use the Puyallup tribal settlement account appropriation and other appropriated funds for bridge rehabilitation, bridge replacement, bridge demolition, and related mitigation. In no event shall the department's participation exceed \$39,953,000. No funds may be expended unless the city of Tacoma agrees to take ownership of the bridge in its entirety and provides that the payment of these funds extinguishes any real or implied agreements regarding future bridge expenditures.

Sec. 308. 2007 c 518 s 307 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—TRAFFIC OPERATIONS—PROGRAM Q—CAPITAL

Motor Vehicle Account—State Appropriation	((9,212,000))
	<u>\$9,462,000</u>
Motor Vehicle Account—Federal Appropriation	\$15,951,000
Motor Vehicle Account—Private/Local Appropriation	\$74,000
TOTAL APPROPRIATION	((25,237,000))
	<u>\$25,487,000</u>

The appropriations in this section are subject to the following conditions and limitations: The motor vehicle account—state appropriation includes ~~((8,833,000))~~ \$8,959,335 provided solely for state matching funds for federally selected competitive grant or congressional earmark projects. These moneys shall be placed into reserve status until such time as federal funds are secured that require a state match.

Sec. 309. 2007 c 518 s 308 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—WASHINGTON STATE FERRIES CONSTRUCTION—PROGRAM W

Puget Sound Capital Construction Account—State Appropriation.	((139,139,000))
	<u>\$142,250,000</u>
Puget Sound Capital Construction Account—Federal Appropriation.	((66,145,000))
	<u>\$45,259,000</u>

<u>Puget Sound Capital Construction Account—</u>	
Private/Local Appropriation	\$2,089,000
Multimodal Transportation Account—State	
Appropriation	\$4,100,000
Transportation 2003 Account (Nickel Account)—State	
Appropriation	(\$76,525,000)
	<u>\$59,469,000</u>
TOTAL APPROPRIATION	(\$285,909,000)
	<u>\$253,167,000</u>

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

(1) ~~(\$6,432,000)~~ \$36,500,000 of the Puget Sound capital construction account—state appropriation is provided solely for ~~((emergency capital costs))~~ project 944470A as identified in the LEAP Transportation Document 2008-1, Ferries Construction Program (W) as developed March 10, 2008, for the construction of three marine vessels to replace the steel electric auto ferry vessels. The document includes a total of \$84,500,000 for these replacement vessels.

(2) ~~(\$16,567,000)~~ \$21,460,823 of the Puget Sound capital construction account—state appropriation ~~((and)),~~ \$4,100,000 of the multimodal transportation account—state appropriation, \$5,410,000 of the transportation 2003 account (nickel account)—state appropriation, \$4,490,000 of the Puget Sound capital construction account—federal appropriation, and \$2,089,000 of the Puget Sound capital construction account—private/local appropriation are provided solely for the terminal projects listed:

- (a) Anacortes ferry terminal - utilities work; right-of-way purchase for a holding area during construction; and completion of design and permitting on the terminal building, pick-up and drop-off sites, and pedestrian and bicycle facilities;
- (b) Bainbridge Island ferry terminal - environmental planning and a traffic signalization project in the vicinity of SR 305 Harborview drive;
- (c) Bremerton ferry terminal - overhead loading control system and moving the terminal agent's office;
- (d) Clinton ferry terminal - septic system replacement;
- (e) Edmonds ferry terminal - right-of-way acquisition costs ~~((and)),~~ federal match requirements, and removal of Unocal Pier;
- (f) Friday Harbor ferry terminal - parking resurfacing;
- (g) Keystone and Port Townsend ferry terminals - route environmental planning;
- (h) Kingston ferry terminal - transfer span retrofit and overhead vehicle holding control system modifications;
- (i) Mukilteo ferry terminal - right-of-way acquisition, archaeological studies, ~~((and))~~ environmental planning, and additional vehicle holding;
- (j) Orcas ferry terminal - dolphin replacement;
- (k) Port Townsend ferry terminal - wingwall replacement, interim holding, tie-up slip, and initial reservation system;

~~((4))~~ (1) Seattle ferry terminal - environmental planning, coordination with local jurisdictions, ~~(and)~~ coordination with highway projects, and contractor payment for automated re-entry gates; ~~(and~~

(4)) (m) Southworth ferry terminal - federal grant to conduct preliminary studies and planning for a 2nd operating slip; and

(n) Vashon Island and Seattle ferry terminals - modify the passenger-only facilities.

~~((4) \$76,525,000)~~ (3) \$46,020,666 of the transportation 2003 account (nickel account)—state appropriation and ~~((50,985,000))~~ \$3,750,000 of the Puget Sound capital construction account—~~(state)~~ federal appropriation are provided solely for the procurement of ~~((four))~~ up to three 144-vehicle auto-passenger ferry vessels.

~~((5))~~ (4) \$18,716,000 of the Puget Sound capital construction account—state appropriation is provided solely for the Eagle Harbor maintenance facility preservation project. These funds may not be used for relocating any warehouses not currently on the Eagle Harbor site.

~~((6))~~ (5) The department shall research an asset management system to improve Washington state ferries' management of capital assets and the department's ability to estimate future preservation needs. The department shall report its findings regarding a new asset management system to the governor and the transportation committees of the legislature no later than January 15, 2008.

~~((7))~~ (6) The department shall sell the M.V. Chinook and M.V. Snohomish passenger-only fast ferries as soon as practicable and deposit the proceeds of the sales into the passenger ferry account created in RCW 47.60.645. Once the department ceases to provide passenger-only ferry service, the department shall sell the M.V. Kalama and M.V. Skagit passenger-only ferries and deposit the proceeds of the sales into the passenger ferry account created in RCW 47.60.645.

~~((8))~~ (7) The department shall, on a quarterly basis beginning July 1, 2007, provide to the office of financial management and the legislature reports providing the status on each project listed in this section and in the project lists submitted pursuant to this act and on any additional projects for which the department has expended funds during the 2007-09 fiscal biennium. Elements shall include, but not be limited to, project scope, schedule, and costs. The department shall also provide the information required under this subsection via the transportation executive information systems (TEIS).

(8) \$1,105,000 of the Puget Sound capital construction account—state appropriation and \$8,038,000 of the transportation 2003 account (nickel account)—state appropriation are provided solely for a dolphin replacement project at the Vashon Island ferry terminal. The department shall submit a redesign study to the joint transportation committee before beginning design or construction of this project.

(9) The department of transportation is authorized to sell up to \$105,000,000 in bonds authorized by RCW 47.10.843 for vessel and terminal acquisition, major and minor improvements, and long lead-time materials acquisition for the Washington state ferries.

(10) The department shall review the costs and benefits of continued use of the primavera scheduling system in the Washington state ferries marine division and include that review with its 2009-2011 budget submittal.

(11) The department shall review staffing in its capital engineering divisions to ensure core competency in, and a focus on, terminal and vessel preservation, with staffing sufficient to implement the preservation program in the capital plan. Until the completion of the capital plan, the department shall maintain capital staffing levels at or below the level of staffing on January 1, 2008.

(12) The department shall sell, be in the process of selling, or otherwise dispose of the four steel electric auto-ferry vessels in the most cost effective way practicable no later than June 1, 2008.

Sec. 310. 2007 c 518 s 309 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—RAIL—PROGRAM Y—CAPITAL

Essential Rail Assistance Account—State Appropriation	\$500,000
(Freight Congestion Relief Account—State	
Appropriation	(\$25,000,000)
Transportation Infrastructure Account—State	
Appropriation	(\$2,500,000)
	<u>\$1,713,000</u>
<u>Transportation Infrastructure Account—Federal</u>	
<u>Appropriation</u>	<u>\$787,000</u>
Multimodal Transportation Account—State	
Appropriation	(\$154,637,000)
	<u>\$165,512,000</u>
Multimodal Transportation Account—Federal	
Appropriation	(\$30,450,000)
	<u>\$33,906,000</u>
Multimodal Transportation Account—Private/Local	
Appropriation	(\$7,894,000)
	<u>\$2,659,000</u>
TOTAL APPROPRIATION	(\$220,981,000)
	<u>\$205,077,000</u>

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

(1)(a) Except as provided otherwise in ~~((subsection (8) of))~~ this section, the entire appropriations in this section are provided solely for the projects and activities as listed by fund, project, and amount in LEAP Transportation Document ~~((2007-1))~~ 2008-1, Rail Capital Program (Y) as developed ~~((April 20, 2007))~~ March 10, 2008. However, limited transfers of specific line-item project appropriations may occur between projects for those amounts listed subject to the conditions and limitations in section 603 of this act.

(b) Within the amounts provided in this section, ~~(\$2,500,000)~~ \$1,713,000 of the transportation infrastructure account—state appropriation ~~((is))~~ and \$787,000 of the transportation infrastructure account—federal appropriation are for low-interest loans for rail capital projects through the freight rail investment bank program. The department shall issue a call for projects based upon the legislative priorities specified in subsection (7)(a) of this section. Application must be received by the department by ~~((November 1, 2007))~~ October 1, 2008. By ~~((December 1, 2007))~~ November 1, 2008, the department shall submit a prioritized list of recommended projects to the office of financial management

and the transportation committees of the legislature. The department shall award low-interest loans to the port of Moses Lake in the amount of \$213,000, and based upon the prioritized list of rail capital projects most recently submitted to the legislature pursuant to this subsection, as follows: Port of Benton County (\$250,000); Port of Everett (\$250,000); Central Terminals, LLC (\$250,000); Tacoma Rail—Maintenance Facility (\$250,000); NW Container Service (\$250,000); Port of Chehalis (\$250,000); Ballard Terminal Railroad (\$250,000); Eastern Washington Gateway Railroad (\$36,875); Spokane County (\$250,000); Tacoma Rail—Locomotive Idling (\$250,000).

(c) Within the amounts provided in this section, ~~((3,335,000))~~ \$2,561,000 of the multimodal transportation account—state appropriation is for statewide - emergent freight rail assistance projects. However, the department shall perform a cost/benefit analysis of the projects according to the legislative priorities specified in subsection (7)(a) of this section, and shall give priority to the following projects: Rail - Tacoma rail yard switching upgrades (\$500,000); Rail - Port of Ephrata spur rehabilitation (\$127,000); Rail - Lewis and Clark rail improvements (\$1,100,000); Rail - Port of Grays Harbor rail access improvements (\$543,000); and Rail - Port of Longview rail loop construction (\$291,000)~~((; and Rail - Port of Chehalis (\$774,000)))~~. If the relative cost of any of the six projects identified in this subsection (1)(c) is not substantially less than the public benefits to be derived from the project, then the department shall not assign the funds to the project, and instead shall use those funds toward those projects identified by the department in the attachments to the "Washington State Department of Transportation FREIGHT RAIL ASSISTANCE FUNDING PROGRAM: 2007-2009 Prioritized Project List and Program Update" dated December 2006 for which the proportion of public benefits to be gained compared to the cost of the project is greatest.

(d) ~~((Within the amounts provided in this section, \$25,000,000 of the freight congestion relief account—state appropriation is for modifications to the Stampede Pass rail tunnel to facilitate the movement of double stacked rail cars. The department shall quantify and report to the legislature by December 1, 2007, the volume of freight traffic that would likely be shipped by rail rather than trucks if the Stampede Pass rail tunnel were modified to accommodate double stacked rail cars.~~

~~((e))~~ Within the amounts provided in this section, ~~((200,000))~~ \$339,000 of the multimodal transportation account—state appropriation is for rescoping and completion of required environmental documents for the Kelso to Martin's Bluff - 3rd Mainline and Storage Tracks project. The rescoped project may include funds that are committed to the project by local or private funding partners. However, the rescoped project must be capable of being completed with not more than \$49,470,000 in future state funding, inclusive of inflation costs. Subject to this funding constraint, the rescoped project must maximize capacity improvements along the rail mainline.

~~((f))~~ (e) Within the amounts provided in this section, \$3,600,000 of the multimodal transportation account—state appropriation is for work items on the Palouse River and Coulee City Railroad lines.

(2) The multimodal transportation account—state appropriation includes up to ~~((137,620,000))~~ \$144,500,000 in proceeds from the sale of bonds authorized by RCW 47.10.867.

(3) The department is directed to seek the use of unprogrammed federal rail crossing funds to be expended in lieu of or in addition to state funds for eligible costs of projects in Program Y, including, but not limited to the "Tacoma — bypass of Pt. Defiance" project.

(4) If new federal funding for freight or passenger rail is received, the department shall consult with the transportation committees of the legislature and the office of financial management prior to spending the funds on existing or additional projects.

(5) The department shall sell any ancillary property, acquired when the state purchased the right-of-ways to the PCC rail line system, to a lessee of the ancillary property who is willing to pay fair market value for the property. The department shall deposit the proceeds from the sale of ancillary property into the transportation infrastructure account.

~~(6) ((The entire freight congestion relief account—state appropriation is contingent upon the enactment during the 2007-2009 fiscal biennium of a bill, resulting from the study established in Substitute Senate Bill No. 5207, that makes available funding to support project expenditures funded from the freight congestion relief account created in Substitute Senate Bill No. 5207. If such a funding bill is not enacted by June 30, 2009, the entire freight congestion relief account—state appropriation shall lapse.~~

~~(7))~~(a) The department shall develop and implement the benefit/impact evaluation methodology recommended in the statewide rail capacity and needs study finalized in December 2006. The benefit/impact evaluation methodology shall be developed using the following priorities, in order of relative importance:

(i) Economic, safety, or environmental advantages of freight movement by rail compared to alternative modes;

(ii) Self-sustaining economic development that creates family-wage jobs;

(iii) Preservation of transportation corridors that would otherwise be lost;

(iv) Increased access to efficient and cost-effective transport to market for Washington's agricultural and industrial products;

(v) Better integration and cooperation within the regional, national, and international systems of freight distribution; and

(vi) Mitigation of impacts of increased rail traffic on communities.

(b) The department shall convene a work group to collaborate on the development of the benefit/impact analysis method to be used in the evaluation. The work group must include, at a minimum, the freight mobility strategic investment board, the department of agriculture, and representatives from the various users and modes of the state's rail system.

(c) The department shall use the benefit/impact analysis and priorities in (a) of this subsection when submitting requests for state funding for rail projects. The department shall develop a standardized format for submitting requests for state funding for rail projects that includes an explanation of the analysis undertaken, and the conclusions derived from the analysis.

(d) The department and the freight mobility strategic investment board shall collaborate to submit a report to the office of financial management and the transportation committees of the legislature by September 1, 2008, listing proposed freight highway and rail projects. The report must describe the analysis used for selecting such projects, as required by this act for the department and as required by chapter 47.06A RCW for the board. When

developing its list of proposed freight highway and rail projects, the freight mobility strategic investment board shall use the priorities identified in (a) of this subsection to the greatest extent possible.

~~((8) \$5,000,000 of the multimodal transportation account state appropriation is reappropriated and provided solely for the costs of acquisition of the PCC railroad associated with the memorandum of understanding (MOU), which was executed between Washington state and Wateo. Total costs associated with the MOU shall not exceed \$10,937,000.))~~

(7) The department shall apply at the earliest possible date for grants pursuant to the new competitive intercity rail grant program announced by the federal railroad administration on February 19, 2008, for any projects that may qualify for such federal grants and are currently identified on the project list referenced in subsection (1)(a) of this section.

(8) Up to \$8,500,000 of any underexpenditures of state funding designated on the project list referenced in subsection (1)(a) of this section for the "Vancouver-Rail Bypass and W 39th Street Bridge" project may be used to upgrade, to class 2 condition, track owned by Clark county between Vancouver and Battle Ground.

(9) Up to \$400,000 of the multimodal transportation account—state appropriation is contingent upon the port of Chehalis submitting a full copy of the FEMA application packet to the department in order to assist the department in verifying the scope of the repairs and the rail transportation value of the project identified on the project list referenced in subsection (1)(a) of this section as "Port of Chehalis-Track Rehabilitation" (F01002A).

Sec. 311. 2007 c 518 s 310 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION—LOCAL PROGRAMS—PROGRAM Z—CAPITAL

Highway Infrastructure Account—State Appropriation	\$207,000
Highway Infrastructure Account—Federal Appropriation	\$1,602,000
Freight Mobility Investment Account—State Appropriation	(\$12,500,000)
	<u>\$12,378,000</u>
((Freight Congestion Relief Account—State Appropriation	\$46,720,000))
Transportation Partnership Account—State Appropriation	(\$2,906,000)
	<u>\$3,906,000</u>
Motor Vehicle Account—State Appropriation	(\$9,854,000)
	<u>\$12,870,000</u>
Motor Vehicle Account—Federal Appropriation	(\$60,150,000)
	<u>\$63,823,000</u>
Freight Mobility Multimodal Account—State Appropriation	(\$12,100,000)
	<u>\$12,750,000</u>
<u>Freight Mobility Multimodal Account—Private/Local Appropriation</u>	<u>\$3,755,000</u>
Multimodal Transportation Account—Federal	

Appropriation	((\$3,500,000))	<u>\$4,224,000</u>
Multimodal Transportation Account—State		
Appropriation	((\$33,158,000))	<u>\$32,134,000</u>
Transportation 2003 Account (Nickel Account)—State		
Appropriation	((\$2,706,000))	<u>\$2,721,000</u>
Passenger Ferry Account—State Appropriation	\$8,500,000	
TOTAL APPROPRIATION	((\$193,903,000))	<u>\$158,870,000</u>

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

(1) The department shall, on a quarterly basis, provide status reports to the legislature on the delivery of projects as outlined in the project lists incorporated in this section. For projects funded by new revenue in the 2003 and 2005 transportation packages, reporting elements shall include, but not be limited to, project scope, schedule, and costs. Other projects may be reported on a programmatic basis. The department shall also provide the information required under this subsection on a quarterly basis via the transportation executive information system (TEIS).

(2) \$8,500,000 of the passenger ferry account—state appropriation is provided solely for near and long-term costs of capital improvements in a business plan approved by the governor for passenger ferry service.

(3) The department shall seek the use of unprogrammed federal rail crossing funds to be expended in lieu of or in addition to state funds for eligible costs of projects in local programs, program Z capital.

(4) The department shall apply for surface transportation program (STP) enhancement funds to be expended in lieu of or in addition to state funds for eligible costs of projects in local programs, program Z capital.

(5) Federal funds may be transferred from program Z to programs I and P and state funds shall be transferred from programs I and P to program Z to replace those federal funds in a dollar-for-dollar match. Fund transfers authorized under this subsection shall not affect project prioritization status. Appropriations shall initially be allotted as appropriated in this act. The department may not transfer funds as authorized under this subsection without approval of the office of financial management. The department shall submit a report on those projects receiving fund transfers to the office of financial management and the transportation committees of the legislature by December 1, 2007, and December 1, 2008.

(6) The city of Winthrop may utilize a design-build process for the Winthrop bike path project. Of the amount appropriated in this section for this project, \$500,000 of the multimodal transportation account—state appropriation is contingent upon the state receiving from the city of Winthrop \$500,000 in federal funds awarded to the city of Winthrop by its local planning organization.

(7) ((~~\$7,000,000~~)) \$11,591,224 of the multimodal transportation account—state appropriation, ((~~\$7,000,000~~)) \$8,640,239 of the motor vehicle account—federal appropriation, and \$4,000,000 of the motor vehicle account—federal

appropriation are provided solely for the pedestrian and bicycle safety program projects and safe routes to schools program projects identified in the LEAP Transportation Document 2007-A, pedestrian and bicycle safety program projects and safe routes to schools program projects as developed April 20, 2007. Projects must be allocated funding based on order of priority. The department shall review all projects receiving grant awards under this program at least semiannually to determine whether the projects are making satisfactory progress. Any project that has been awarded funds, but does not report activity on the project within one year of the grant award, shall be reviewed by the department to determine whether the grant should be terminated. The department shall promptly close out grants when projects have been completed, and identify where unused grant funds remain because actual project costs were lower than estimated in the grant award.

(8) Up to a maximum of \$5,000,000 of the multimodal transportation account—state appropriation and up to a maximum of \$2,000,000 of the motor vehicle account—federal appropriation are reappropriated for the pedestrian and bicycle safety program projects and safe routes to schools program projects identified in the LEAP transportation document 2006-B, pedestrian and bicycle safety program projects and safe routes to schools program projects as developed March 8, 2006. Projects must be allocated funding based on order of priority. The department shall review all projects receiving grant awards under this program at least semiannually to determine whether the projects are making satisfactory progress. Any project that has been awarded funds, but does not report activity on the project within one year of the grant award, shall be reviewed by the department to determine whether the grant should be terminated. The department shall promptly close out grants when projects have been completed, and identify where unused grant funds remain because actual project costs were lower than estimated in the grant award.

~~(9) ((The entire freight congestion relief account—state appropriation is contingent upon the enactment during the 2007-2009 fiscal biennium of a bill, resulting from the study established in Substitute Senate Bill No. 5207, that makes available funding to support project expenditures funded from the freight congestion relief account created in Substitute Senate Bill No. 5207. If such a funding bill is not enacted by June 30, 2009, the entire freight congestion relief account—state appropriation shall lapse.~~

~~((10))~~ \$3,500,000 of the multimodal transportation account—federal appropriation is provided solely for the Museum of Flight pedestrian bridge safety project.

~~((11))~~ (10) \$250,000 of the multimodal transportation account—state appropriation is provided solely for the icicle rail station in Leavenworth.

~~((12))~~ (11) \$1,500,000 of the motor vehicle account—state appropriation is provided solely for the Union Gap city road project.

~~((13)–\$350,000)~~ (12) \$250,000 of the motor vehicle account—state appropriation is provided solely for the Saltwater state park bridge project and off-site traffic control costs.

~~((14))~~ (13) \$1,000,000 of the motor vehicle account—state appropriation ~~(is)~~ and \$4,688,000 of the motor vehicle account—federal appropriation are provided solely for the coal creek parkway project.

~~((15))~~ (14) \$250,000 of the multimodal transportation account—state appropriation is provided solely for a streetcar feasibility study in downtown Spokane.

~~((16))~~ (15) \$500,000 of the motor vehicle account—~~((state))~~ federal appropriation is provided solely for ~~((the))~~ slide repairs completed during 2007 and 2008 at or in the vicinity of marine view drive bridge ((project)) on Marine View Drive and on Des Moines Memorial Drive in Des Moines.

(16) \$1,100,000 of the motor vehicle account—state appropriation is provided solely for local road improvements that connect to the I-82 valley mall boulevard project (508201O). Planned funding of an additional \$2,000,000 shall be made available to this project in the 2009-11 biennium.

(17) \$2,400,000 of the motor vehicle account—state appropriation is provided solely for completion of the riverside avenue extension project in the city of Spokane.

(18) For the 2007-09 project appropriations, unless otherwise provided in this act, the director of financial management may authorize a transfer of appropriation authority between projects managed by the freight mobility strategic investment board, in order for the board to manage project spending and efficiently deliver all projects in the respective program.

TRANSFERS AND DISTRIBUTIONS

Sec. 401. 2007 c 518 s 401 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR BOND SALES DISCOUNTS AND DEBT TO BE PAID BY MOTOR VEHICLE ACCOUNT AND TRANSPORTATION FUND REVENUE

Highway Bond Retirement Account Appropriation	(\$570,030,000)
	<u>\$544,061,000</u>
Ferry Bond Retirement Account Appropriation	(\$38,059,000)
	<u>\$37,380,000</u>
Transportation Improvement Board Bond Retirement Account—State Appropriation	(\$27,749,000)
	<u>\$26,822,000</u>
Nondebt-Limit Reimbursable Account Appropriation	(\$19,359,000)
	<u>\$13,059,000</u>
Transportation Partnership Account—State Appropriation	(\$6,694,000)
	<u>\$1,823,000</u>
Motor Vehicle Account—State Appropriation	(\$986,000)
	<u>\$457,000</u>
Transportation Improvement Account—State Appropriation	\$68,000
Multimodal Transportation Account—State Appropriation	(\$1,032,000)
	<u>\$675,000</u>
Transportation 2003 Account (Nickel Account)—State Appropriation	(\$6,560,000)
	<u>\$2,003,000</u>

Urban Arterial Trust Account—State Appropriation	(\$473,000)
	<u>\$113,000</u>
Special Category C Account Appropriation	(\$160,000)
	<u>\$99,000</u>
TOTAL APPROPRIATION	(\$671,170,000)
	<u>\$626,560,000</u>

Sec. 402. 2007 c 518 s 402 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR BOND SALE EXPENSES AND FISCAL AGENT CHARGES

Transportation Partnership Account—State Appropriation	(\$2,254,000)
	<u>\$243,000</u>
Motor Vehicle Account—State Appropriation	(\$329,000)
	<u>\$61,000</u>
Transportation Improvement Account—State Appropriation	\$5,000
Multimodal Transportation Account—State Appropriation	(\$130,000)
	<u>\$90,000</u>
Transportation 2003 Account (Nickel Account)—State Appropriation	(\$2,187,000)
	<u>\$267,000</u>
Urban Arterial Trust Account—State Appropriation	\$38,000
Special Category C Account—State Appropriation	(\$53,000)
	<u>\$13,000</u>
TOTAL APPROPRIATION	(\$4,996,000)
	<u>\$717,000</u>

Sec. 403. 2007 c 518 s 403 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR MVFT BONDS AND TRANSFERS

((+)) Motor Vehicle Account—State Reappropriation: For transfer to the Tacoma Narrows Toll Bridge Account	(\$131,016,000)
	<u>\$19,133,000</u>

The department of transportation is authorized to sell up to ~~(\$131,016,000)~~ \$18,000,000 in bonds authorized by RCW 47.10.843 for the Tacoma Narrows bridge project. Proceeds from the sale of the bonds shall be deposited into the motor vehicle account. The department of transportation shall inform the treasurer of the amount to be deposited.

((2)) Motor Vehicle Account—State Appropriation: For transfer to the Puget Sound Capital Construction Account	<u>\$131,500,000</u>
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The department of transportation is authorized to sell up to \$131,500,000 in bonds authorized by RCW 47.10.843 for vessel and terminal acquisition, major

~~and minor improvements, and long lead time materials acquisition for the Washington state ferries.))~~

Sec. 404. 2007 c 518 s 404 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—STATE REVENUES FOR DISTRIBUTION

Motor Vehicle Account Appropriation for motor vehicle fuel tax distributions to cities and counties((~~\$526,320,000~~))
\$501,783,827

Sec. 405. 2007 c 518 s 405 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—TRANSFERS

Motor Vehicle Account—State Appropriation: For motor vehicle fuel tax refunds and statutory transfers((~~\$937,181,000~~))
\$902,982,000

Sec. 406. 2007 c 518 s 406 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF LICENSING—TRANSFERS

Motor Vehicle Account—State Appropriation: For motor vehicle fuel tax refunds and transfers((~~\$346,657,000~~))
\$445,345,000

*Sec. 407. 2007 c 518 s 407 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER—ADMINISTRATIVE TRANSFERS

(1) Recreational Vehicle Account—State Appropriation: For transfer to the Motor Vehicle Account—State((~~\$3,005,000~~))
\$4,505,000

(2) License Plate Technology Account—State Appropriation: For the Multimodal Transportation Account—State \$4,500,000

(3) Motor Vehicle Account—State Appropriation: For transfer to the High-Occupancy Toll Lanes Operations—State Account \$3,000,000

(4) Motor Vehicle Account—State Appropriation: For transfer to the Puget Sound Capital Construction Account—State \$20,000,000

(5) Multimodal Transportation Account—State Appropriation: For transfer to the Puget Sound Ferry Operations Account—State((~~\$39,000,000~~))
\$66,000,000

(6) Advanced Right-of-Way Revolving Account—State Appropriation: For transfer to the Motor Vehicle Account—State \$30,000,000

(7) Waste Tire Removal Account—State Appropriation: For transfer to the Motor Vehicle Account—State \$5,600,000

(8) Motor Vehicle Account—State Appropriation: ~~((For transfer to the Transportation Partnership~~

Account—State	\$25,000,000)
<u>For transfer to the Puget Sound Ferry Operations Account—</u>	
<u>State</u>	<u>\$3,000,000</u>
((10)) <u>(9) Multimodal Transportation Account—State</u>	
Appropriation: For transfer to the Transportation	
Infrastructure Account—State	(\$7,000,000)
	<u>\$6,600,000</u>
((11)) <u>(10) Highway Safety Account—State Appropriation:</u>	
For transfer to the Multimodal Transportation	
Account—State	\$9,500,000
<u>(11) Urban Arterial Trust Account—State Appropriation:</u>	
For transfer to the Small City Pavement and Sidewalk	
Account—State	<u>\$1,400,000</u>
<u>(12) Multimodal Transportation Account—Federal</u>	
<u>Appropriation: For transfer to the Transportation</u>	
<u>Infrastructure Account—Federal</u>	<u>\$1,000,000</u>

The transfers identified in this section are subject to the following conditions and limitations: ~~((10))~~ The amount transferred in subsection (3) of this section may be spent only on "highway purposes" as that term is construed in Article II, section 40 of the Washington state Constitution.

*Sec. 407 was partially vetoed. See message at end of chapter.

COMPENSATION

Sec. 501. 2007 c 518 s 501 (uncodified) is amended to read as follows:

COMPENSATION—NONREPRESENTED EMPLOYEES—INSURANCE BENEFITS. The appropriations for state agencies, are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan, shall not exceed \$707 per eligible employee for fiscal year 2008. For fiscal year 2009 the monthly employer funding rate shall not exceed ~~(\$732)~~ \$575 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require any or all of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or make other changes to benefits consistent with RCW 41.05.065.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments, into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts shall not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. From January 1, 2008,

through December 31, 2008, the subsidy shall be \$165.31. Starting January 1, 2009, the subsidy shall be \$184.26 per month.

Sec. 502. 2007 c 518 s 502 (uncodified) is amended to read as follows:

COMPENSATION—REPRESENTED EMPLOYEES OUTSIDE SUPER COALITION—INSURANCE BENEFITS. The appropriations for state agencies, are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan, for represented employees outside the super coalition under chapter 41.80 RCW, shall not exceed \$707 per eligible employee for fiscal year 2008. For fiscal year 2009 the monthly employer funding rate shall not exceed (~~(\$732)~~) \$575 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require any or all of the following: Employee premium copayments, increases in point-of-service cost sharing, the implementation of managed competition, or make other changes to benefits consistent with RCW 41.05.065.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments, into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts shall not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. From January 1, 2008, through December 31, 2008, the subsidy shall be \$165.31. Starting January 1, 2009, the subsidy shall be \$184.26 per month.

Sec. 503. 2007 c 518 s 503 (uncodified) is amended to read as follows:

COMPENSATION—REPRESENTED EMPLOYEES—SUPER COALITION. Collective bargaining agreements negotiated as part of the super coalition under chapter 41.80 RCW include employer contributions to health insurance premiums at 88% of the cost. Funding rates at this level are currently \$707 per month for fiscal year 2008 and (~~(\$732)~~) \$575 per month for fiscal year 2009. The agreements also include a one-time payment of \$756 for each employee who is eligible for insurance for the month of June, 2007, and is covered by a 2007-2009 collective bargaining agreement pursuant to chapter 41.80 RCW, as well as continuation of the salary increases that were negotiated for the twelve-month period beginning July 1, 2006, and scheduled to terminate June 30, 2007.

MISCELLANEOUS

Sec. 601. RCW 46.68.110 and 2007 c 148 s 1 are each amended to read as follows:

Funds credited to the incorporated cities and towns of the state as set forth in RCW 46.68.090 shall be subject to deduction and distribution as follows:

(1) One and one-half percent of such sums distributed under RCW 46.68.090 shall be deducted monthly as such sums are credited and set aside for the use of the department of transportation for the supervision of work and expenditures of such incorporated cities and towns on the city and town streets thereof, including the supervision and administration of federal-aid programs for which the department of transportation has responsibility: PROVIDED, That any moneys so retained and not expended shall be credited in the succeeding biennium to the incorporated cities and towns in proportion to deductions herein made;

(2) Thirty-three one-hundredths of one percent of such funds distributed under RCW 46.68.090 shall be deducted monthly, as such funds accrue, and set aside for the use of the department of transportation for the purpose of funding the cities' share of the costs of highway jurisdiction studies and other studies. Any funds so retained and not expended shall be credited in the succeeding biennium to the cities in proportion to the deductions made;

(3) One percent of such funds distributed under RCW 46.68.090 shall be deducted monthly, as such funds accrue, to be deposited in the small city pavement and sidewalk account, to implement the city hardship assistance program, as provided in RCW 47.26.164. However, any moneys so retained and not required to carry out the program under this subsection as of July 1st of each odd-numbered year thereafter, shall be retained in the account and used for maintenance, repair, and resurfacing of city and town streets for cities and towns with a population of less than five thousand.

(4) Except as provided in RCW 47.26.080, after making the deductions under subsections (1) through (3) of this section and RCW 35.76.050, the balance remaining to the credit of incorporated cities and towns shall be apportioned monthly as such funds accrue among the several cities and towns within the state ratably on the basis of the population last determined by the office of financial management.

****NEW SECTION. Sec. 602. A new section is added to 2007 c 518 (uncodified) to read as follows:***

Our ability to maintain and preserve the state's investment in transportation is acknowledged to be related to the replacement cost of the system, yet the state has no estimates of the entire system's cost or replacement value. A large portion of the state's highway system was developed prior to June 30, 1980, so it is important that the inventory and valuation include all of the state's highway system including the parts of the system constructed prior to June 30, 1980, that is not required by governmental accounting standards board's statement number 34. Consequently, the department of transportation, in conjunction with the office of financial management, must implement the governmental accounting standards board's statement number 34, including a complete inventory and valuation of the state's highway system's cost basis and replacement cost. During 2008, the cochairs of the joint transportation committee shall select legislators to work with the office of financial management and the department of transportation. The purpose of the effort is to enhance decision making that will result in strategic long-term investment decisions in transportation capital project management and appropriate levels of asset maintenance and preservation. The office of financial management will coordinate and manage the complete inventory

and the valuation of the total state's highway system. The office of financial management must submit a final report to the legislative transportation committees on or before December 1, 2009.

*Sec. 602 was vetoed. See message at end of chapter.

NEW SECTION. Sec. 603. A new section is added to 2007 c 518 (uncodified) to read as follows:

In order to promote the receipt of federal enhancement funds, or other applicable federal or state grant funds, the following portions of highway are designated as part of the scenic and recreational highway system: Beginning at the Anacortes ferry landing, the Washington state ferries Anacortes/San Juan Islands route, which includes stops at Lopez, Shaw, Orcas, and San Juan Islands; and the roads on San Juan and Orcas Islands as described in San Juan Island county council resolution no. 7, adopted February 5, 2008.

Sec. 604. 2007 c 518 s 713 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION

Transportation Infrastructure Account—State

Appropriation ((\$7,000,000))
\$8,600,000

The appropriation in this section is subject to the following conditions and limitations: The Palouse River and Coulee City (PCC) rail line system is made up of the CW, P&L and PV Hooper rail lines. The amount provided in this section is provided solely for grants to any intergovernmental entity or local rail district to which ~~((operating rights for the PCC rail line system are assigned, provided that the funds are))~~ the department of transportation assigns the management and oversight responsibility for the business and economic development elements of existing operating leases on the PCC rail lines. Business and economic development elements include such items as levels of service and business operating plans, but shall not include the state's oversight of railroad regulatory compliance, rail infrastructure condition, or real property management issues. The PCC rail system must be managed in a self-sustaining manner and best efforts shall be used to ensure that it does not require state capital or operating subsidy beyond the level of state funding expended on it to date. The assignment of the stated responsibilities to an intergovernmental entity or rail district shall be on such terms and conditions as the department of transportation and the intergovernmental entity or rail district mutually agree. The grant funds may be used only to refurbish the rail lines. It is the intent of the legislature to make the funds appropriated in this section available as grants to an intergovernmental entity or local rail district for the purposes stated in this section at least until June 30, 2012, and to reappropriate as necessary any portion of the appropriation in this section that is not used by June 30, 2009.

NEW SECTION. Sec. 605. A new section is added to 2007 c 518 (uncodified) to read as follows:

SPECIAL APPROPRIATIONS TO THE GOVERNOR—INSURANCE ACCOUNTING SYSTEM

Aeronautics Account—State Appropriation \$2,000
State Patrol Highway Account—State Appropriation \$338,000
Puget Sound Capital Construction Account—State

Appropriation	\$24,000
Transportation Partnership Account—State Appropriation	\$44,000
Highway Safety Account—State Appropriation	\$120,000
Motor Vehicle Account—State Appropriation	\$882,000
Puget Sound Ferry Operating Account—State Appropriation	\$294,000
Urban Arterial Trust Account—State Appropriation	\$2,000
Transportation Improvement Account—State Appropriation	\$2,000
Department of Licensing Services Account—State Appropriation	\$2,000
Multimodal Transportation Account—State Appropriation	\$12,000
Tacoma Narrows Bridge Toll Account—State Appropriation	\$10,000
Transportation 2003 Account (Nickel Account)—State Appropriation	\$120,000
TOTAL APPROPRIATION	\$1,852,000

The appropriations in this section fund various state transportation agencies to support the state insurance accounting system. From the applicable accounts, the office of financial management shall reduce allotments to the respective agencies by an amount that conforms with the insurance accounting system special appropriations enacted in the 2008 supplemental omnibus appropriations act, Engrossed Substitute House Bill No. 2687 (chapter . . . , Laws of 2008). The allotment reductions under this section shall be placed in reserve status and remain unexpended.

NEW SECTION. Sec. 606. 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. 607. 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.

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Passed by the House March 12, 2008.

Passed by the Senate March 11, 2008.

Approved by the Governor March 25, 2008, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State March 25, 2008.

Note: Governor's explanation of partial veto is as follows:

"I am returning, without my approval as to Sections 102(6), 206(6), 212(2), 224(12), 224(14), 306(16), 306(17), 407(12), and 602, Engrossed Substitute House Bill 2878 entitled:

"AN ACT Relating to transportation funding and appropriations."

Section 102(6), page 3, Office of Financial Management — Development of Future Budget Proposals

I share the Legislature's expectation that the Office of Financial Management will work with the Legislature so that future budget proposals reflect criteria for performance excellence, include measures of earned value, and are aligned with the state's transportation goals. Even though I am vetoing Section 102(6), I direct the Office of Financial Management to continue its work with the Legislature and the state's transportation agencies to align budget proposals with the state's transportation goals and performance measure.

Section 206(6), page 10, Transportation Commission — Cost Reductions for Toll Operations

I appreciate the need to carefully control the costs associated with tolling so we will have efficient and effective tolling operations. Accountability regarding the use of toll revenue is essential. This proviso requires the Transportation Commission — not the Department of Transportation — to develop benchmarks and recommendations to reduce and control tolling operation costs. The Transportation Commission's role is to establish toll rates while the Department of Transportation's role is to evaluate and direct operations.

Although I am vetoing Section 206(6), the Office of Financial Management will work with the Department of Transportation, the Transportation Commission and others to evaluate toll operating costs on the Tacoma Narrows Bridge and SR 167 in comparison to other tolled facilities across the country to develop toll operating cost benchmarks. In addition, tolling operations issues will be examined in future Government Management Accountability & Performance sessions.

Section 212(2), page 18, Washington State Department of Transportation — Cost Reductions for Toll Operations

The proviso requires the Department of Transportation to develop incentives to reduce and control tolling operations costs, and to provide a report to the Transportation Commission. As a cabinet agency, the department is accountable to the Governor and it is not the role of the Transportation Commission to evaluate and direct the department's operations.

Although I am vetoing Section 212(2), the Department of Transportation will provide a report on incentives to reduce toll operating costs to the Office of Financial Management and the Legislature by December 1, 2008.

Section 224(12), pages 38-39, Washington State Department of Transportation — Ferries — Pilot Car Sharing Program in San Juan Islands

The proviso states that Washington State Ferries may investigate implementation of a car-sharing program in the San Juan Islands but also provides that Washington State Ferries shall submit a report to the Legislature by November 15, 2008. Because no funding is provided for the research and report, I am vetoing Section 224(12) but want the Department of Transportation's Commute Trip Reduction program to examine how a car-sharing program could work in the San Juan Islands.

Section 224(14), page 39, Washington State Department of Transportation — Ferries — Summer Schedule on Port Townsend/Keystone Route

The proviso includes an appropriation of \$357,000 for two additional sailings per day on the Port Townsend/Keystone route from May 19, 2008 to September 8, 2008. Unfortunately, these dates do not correspond with the already established summer sailing schedule for the Washington State Ferries that runs from June 15 to September 20. As a result, this will add operating costs beyond the \$357,000 that is appropriated.

Although I am vetoing Section 224(14), the Department of Transportation and the Office of Financial Management will work with House and Senate Transportation Committee chairs to find

options that fit within the amount of money provided and that also can meet the intent of the Legislature to provide additional service during the summer on this route.

Section 306(16), page 50, Transportation Account 2003 bond proceed appropriation

The proviso includes appropriation authority to spend up to \$825,000,000 in proceeds from the sale of 2003 nickel account bonds. Due to a technical error, this amount excluded the extra money the state gets from bond premiums which can limit the funds available to support important projects already underway. Therefore, I am vetoing this section so that the ending fund balance in the nickel account will not be adversely affected.

Section 306(17), page 50, Transportation Partnership Account 2003 bond proceed appropriation

Similar to section 306(16), this proviso includes appropriation authority to spend up to \$740,000,000 in proceeds from the sale of transportation partnership account bonds but this amount also excluded the bond premiums. Because this can adversely impact the ending fund balance in the transportation partnership account, I am vetoing this section.

Section 407(12), page 72, Administrative Transfer of Federal Funds

An administrative transfer of \$1 million in federal funds is made from the multimodal account-federal to the transportation infrastructure account-federal. The State Treasurer does not transfer federal funds within the Department of Transportation programs. Transfers of this sort are done internally at the Department of Transportation, so I am vetoing this section.

Section 602, page 76, Government Accounting Standards Board Asset Valuation

The Department of Transportation is already in full compliance with Government Accounting Standards Board (GASB) Statement 34 as it pertains to asset valuation of the state's highway systems, including the maintenance of an infrastructure asset inventory and regular assessments of the condition of assets. This critical information is already used to support strategic long-term investment decision-making in transportation capital project management and to set appropriate levels of asset maintenance and preservation.

Section 602 requires the Department to exceed the requirements of GASB 34 but does not provide additional funding. I vetoed similar language in 2005 and in 2007, and am vetoing this section.

For these reasons, I have vetoed Sections 102(6), 206(6), 212(2), 224(12), 224(14), 306(16), 306(17), 407(12), and 602 of Engrossed Substitute House Bill 2878.

With the exception of Sections 102(6), 206(6), 212(2), 224(12), 224(14), 306(16), 306(17), 407(12) and 602, Engrossed Substitute House Bill 2878 is approved."

CHAPTER 122

[Engrossed Second Substitute House Bill 1773]

TOLLS—IMPOSITION

AN ACT Relating to the imposition of tolls; amending RCW 47.56.030, 47.56.040, 47.56.070, 47.56.076, 47.56.078, 47.56.120, 47.56.240, 35.74.050, 36.120.050, 36.73.040, 47.29.060, 47.58.030, 47.60.010, and 53.34.010; reenacting and amending RCW 43.79A.040; adding new sections to chapter 47.56 RCW; repealing RCW 47.56.0761 and 47.56.080; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds and declares that it is the policy of the state of Washington to use tolling to provide a source of transportation funding and to encourage effective use of the transportation system.

The legislature intends that the policy framework created by this act will guide subsequent legislation and decisions regarding the tolling of specific facilities and corridors. For each state-owned facility or corridor, the legislature intends that it will authorize the budget and finance plan. Specific issues that

may be addressed in the finance plan and budget authorization legislation include the amount of financing required for a facility or corridor, the budget for any construction and operations financed by tolling, whether and how variable pricing will be applied, and the timing of tolling.

The legislature also intends that while the transportation commission, as the toll-setting authority, may set toll rates for facilities, corridors, or systems thereof, the legislature reserves the authority to impose tolls on any state transportation route or facility. Similarly, local or quasi-local entities that retain the power to impose tolls may do so as long as the effect of those tolls on the state highway system is consistent with the policy guidelines detailed in this act. If the imposition of tolls could have an impact on state facilities, the state tolling authority must review and approve such tolls.

NEW SECTION. Sec. 2. This subchapter applies only to all state toll bridges and other state toll facilities, excluding the Washington state ferries, first authorized within this state after July 1, 2008.

NEW SECTION. Sec. 3. The definitions in this section apply throughout this subchapter unless the context clearly requires otherwise:

(1) "Tolling authority" means the governing body that is legally empowered to review and adjust toll rates. Unless otherwise delegated, the transportation commission is the tolling authority for all state highways.

(2) "Eligible toll facility" or "eligible toll facilities" means portions of the state highway system specifically identified by the legislature including, but not limited to, transportation corridors, bridges, crossings, interchanges, on-ramps, off-ramps, approaches, bistate facilities, and interconnections between highways.

(3) "Toll revenue" or "revenue from an eligible toll facility" means toll receipts, all interest income derived from the investment of toll receipts, and any gifts, grants, or other funds received for the benefit of the eligible toll facility.

NEW SECTION. Sec. 4. (1) Unless otherwise delegated, only the legislature may authorize the imposition of tolls on eligible toll facilities.

(2) All revenue from an eligible toll facility must be used only to construct, improve, preserve, maintain, manage, or operate the eligible toll facility on or in which the revenue is collected. Expenditures of toll revenues are subject to appropriation and must be made only:

(a) To cover the operating costs of the eligible toll facility, including necessary maintenance, preservation, administration, and toll enforcement by public law enforcement within the boundaries of the facility;

(b) To meet obligations for the repayment of debt and interest on the eligible toll facilities, and any other associated financing costs including, but not limited to, required reserves and insurance;

(c) To meet any other obligations to provide funding contributions for any projects or operations on the eligible toll facilities;

(d) To provide for the operations of conveyances of people or goods; or

(e) For any other improvements to the eligible toll facilities.

NEW SECTION. Sec. 5. Any proposal for the establishment of eligible toll facilities shall consider the following policy guidelines:

(1) Overall direction. Washington should use tolling to encourage effective use of the transportation system and provide a source of transportation funding.

(2) When to use tolling. Tolling should be used when it can be demonstrated to contribute a significant portion of the cost of a project that cannot be funded solely with existing sources or optimize the performance of the transportation system. Such tolling should, in all cases, be fairly and equitably applied in the context of the statewide transportation system and not have significant adverse impacts through the diversion of traffic to other routes that cannot otherwise be reasonably mitigated. Such tolling should also consider relevant social equity, environmental, and economic issues, and should be directed at making progress toward the state's greenhouse gas reduction goals.

(3) Use of toll revenue. All revenue from an eligible toll facility must be used only to improve, preserve, manage, or operate the eligible toll facility on or in which the revenue is collected. Additionally, toll revenue should provide for and encourage the inclusion of recycled and reclaimed construction materials.

(4) Setting toll rates. Toll rates, which may include variable pricing, must be set to meet anticipated funding obligations. To the extent possible, the toll rates should be set to optimize system performance, recognizing necessary trade-offs to generate revenue.

(5) Duration of toll collection. Because transportation infrastructure projects have costs and benefits that extend well beyond those paid for by initial construction funding, tolls on future toll facilities may remain in place to fund additional capacity, capital rehabilitation, maintenance, management, and operations, and to optimize performance of the system.

NEW SECTION. Sec. 6. (1) A tolling advisory committee may be created at the direction of the tolling authority for any eligible toll facilities. The tolling authority shall appoint nine members to the committee, all of whom must be permanent residents of the affected project area as defined for each project. Members of the committee shall serve without receiving compensation.

(2) The tolling advisory committee shall serve in an advisory capacity to the tolling authority on all matters related to the imposition of tolls including, but not limited to: (a) The feasibility of providing discounts; (b) the trade-off of lower tolls versus the early retirement of debt; and (c) consideration of variable or time of day pricing.

(3) In setting toll rates, the tolling authority shall consider recommendations of the tolling advisory committee.

NEW SECTION. Sec. 7. (1) Unless these powers are otherwise delegated by the legislature, the transportation commission is the tolling authority for the state. The tolling authority shall:

(a) Set toll rates, establish appropriate exemptions, if any, and make adjustments as conditions warrant on eligible toll facilities;

(b) Review toll collection policies, toll operations policies, and toll revenue expenditures on the eligible toll facilities and report annually on this review to the legislature.

(2) The tolling authority, in determining toll rates, shall consider the policy guidelines established in section 5 of this act.

(3) Unless otherwise directed by the legislature, in setting and periodically adjusting toll rates, the tolling authority must ensure that toll rates will generate revenue sufficient to:

(a) Meet the operating costs of the eligible toll facilities, including necessary maintenance, preservation, administration, and toll enforcement by public law enforcement;

(b) Meet obligations for the repayment of debt and interest on the eligible toll facilities, and any other associated financing costs including, but not limited to, required reserves, minimum debt coverage or other appropriate contingency funding, and insurance; and

(c) Meet any other obligations of the tolling authority to provide its proportionate share of funding contributions for any projects or operations of the eligible toll facilities.

(4) The established toll rates may include variable pricing, and should be set to optimize system performance, recognizing necessary trade-offs to generate revenue for the purposes specified in subsection (3) of this section. Tolls may vary for type of vehicle, time of day, traffic conditions, or other factors designed to improve performance of the system.

Sec. 8. RCW 47.56.030 and 2002 c 114 s 19 are each amended to read as follows:

(1) Except as permitted under chapter ~~47.29~~ or 47.46 RCW:

(a) ~~Unless otherwise delegated, and subject to section 4 of this act, the~~ department of transportation shall have full charge of the planning, analysis, and construction of all toll bridges and other toll facilities including the Washington state ferries, and the operation and maintenance thereof.

(b) The transportation commission shall determine and establish the tolls and charges thereon ~~(, and shall perform all duties and exercise all powers relating to the financing, refinancing, and fiscal management of all toll bridges and other toll facilities including the Washington state ferries, and bonded indebtedness in the manner provided by law).~~

(c) ~~Unless otherwise delegated, and subject to section 4 of this act, the~~ department shall have full charge of planning, analysis, and design of all toll facilities. The department may conduct the planning, analysis, and design of toll facilities as necessary to support the legislature's consideration of toll authorization.

(d) The department shall utilize and administer toll collection systems that are simple, unified, and interoperable. To the extent practicable, the department shall avoid the use of toll booths. The department shall set the statewide standards and protocols for all toll facilities within the state, including those authorized by local authorities.

(e) Except as provided in this section, the department shall proceed with the construction of such toll bridges and other facilities and the approaches thereto by contract in the manner of state highway construction immediately upon there being made available funds for such work and shall prosecute such work to completion as rapidly as practicable. The department is authorized to negotiate contracts for any amount without bid under ~~((d)(i))~~ (e)(i) and (ii) of this subsection:

(i) Emergency contracts, in order to make repairs to ferries or ferry terminal facilities or removal of such facilities whenever continued use of ferries or ferry terminal facilities constitutes a real or immediate danger to the traveling public or precludes prudent use of such ferries or facilities; and

(ii) Single source contracts for vessel dry dockings, when there is clearly and legitimately only one available bidder to conduct dry dock-related work for a specific class or classes of vessels. The contracts may be entered into for a single vessel dry docking or for multiple vessel dry dockings for a period not to exceed two years.

(2) The department shall proceed with the procurement of materials, supplies, services, and equipment needed for the support, maintenance, and use of a ferry, ferry terminal, or other facility operated by Washington state ferries, in accordance with chapter 43.19 RCW except as follows:

(a) (~~Except as provided in (d) of this subsection,~~) When the secretary of the department of transportation determines in writing that the use of invitation for bid is either not practicable or not advantageous to the state and it may be necessary to make competitive evaluations, including technical or performance evaluations among acceptable proposals to complete the contract award, a contract may be entered into by use of a competitive sealed proposals method, and a formal request for proposals solicitation. Such formal request for proposals solicitation shall include a functional description of the needs and requirements of the state and the significant factors.

(b) When purchases are made through a formal request for proposals solicitation the contract shall be awarded to the responsible proposer whose competitive sealed proposal is determined in writing to be the most advantageous to the state taking into consideration price and other evaluation factors set forth in the request for proposals. No significant factors may be used in evaluating a proposal that are not specified in the request for proposals. Factors that may be considered in evaluating proposals include but are not limited to: Price; maintainability; reliability; commonality; performance levels; life cycle cost if applicable under this section; cost of transportation or delivery; delivery schedule offered; installation cost; cost of spare parts; availability of parts and service offered; and the following:

(i) The ability, capacity, and skill of the proposer to perform the contract or provide the service required;

(ii) The character, integrity, reputation, judgment, experience, and efficiency of the proposer;

(iii) Whether the proposer can perform the contract within the time specified;

(iv) The quality of performance of previous contracts or services;

(v) The previous and existing compliance by the proposer with laws relating to the contract or services;

(vi) Objective, measurable criteria defined in the request for proposal. These criteria may include but are not limited to items such as discounts, delivery costs, maintenance services costs, installation costs, and transportation costs; and

(vii) Such other information as may be secured having a bearing on the decision to award the contract.

(c) When purchases are made through a request for proposal process, proposals received shall be evaluated based on the evaluation factors set forth in the request for proposal. When issuing a request for proposal for the procurement of propulsion equipment or systems that include an engine, the request for proposal must specify the use of a life cycle cost analysis that

includes an evaluation of fuel efficiency. When a life cycle cost analysis is used, the life cycle cost of a proposal shall be given at least the same relative importance as the initial price element specified in the request of proposal documents. The department may reject any and all proposals received. If the proposals are not rejected, the award shall be made to the proposer whose proposal is most advantageous to the department, considering price and the other evaluation factors set forth in the request for proposal.

~~((d) If the department is procuring large equipment or systems (e.g., electrical, propulsion) needed for the support, maintenance, and use of a ferry operated by Washington state ferries, the department shall proceed with a formal request for proposal solicitation under this subsection (2) without a determination of necessity by the secretary.))~~

Sec. 9. RCW 47.56.040 and 1984 c 7 s 248 are each amended to read as follows:

The department is empowered, in accordance with the provisions of this chapter, to provide for the establishment and construction of toll bridges upon any public highways of this state together with approaches thereto wherever it is considered necessary or advantageous and practicable for crossing any stream, body of water, gulch, navigable water, swamp, or other topographical formation whether that formation is within this state or constitutes a boundary between this state and an adjoining state or country. ~~((The necessity or advantage and practicability of any such toll bridge shall be determined by the department, and the feasibility of financing any toll bridge in the manner provided by this chapter shall be a primary consideration and determined according to the best judgment of the department.))~~ For the purpose of obtaining information for the consideration of the department upon the construction of any toll bridge or any other matters pertaining thereto, any cognizant officer or employee of the state shall, upon the request of the department, make reasonable examination, investigation, survey, or reconnaissance for the determination of material facts pertaining thereto and report this to the department. The cost of any such examination, investigation, survey, or reconnaissance shall be borne by the department or office conducting these activities from the funds provided for that department or office for its usual functions.

Sec. 10. RCW 47.56.070 and 1977 ex.s. c 151 s 67 are each amended to read as follows:

The department of transportation may, ~~((with the approval of the transportation commission))~~ in accordance with this chapter, provide for the ~~((establishment,))~~ construction~~(;)~~ and operation of toll tunnels, toll roads, and other facilities necessary for their construction and connection with public highways of the state. It may cause surveys to be made to determine the propriety of their ~~((establishment,))~~ construction~~(;)~~ and operation, and may acquire rights-of-way and other facilities necessary to carry out the provisions hereof; and may issue, sell, and redeem bonds, and deposit and expend them; secure and remit financial and other assistance in the construction thereof; carry insurance thereon; and handle any other matters pertaining thereto, all of which shall be conducted in the same manner and under the same procedure as provided for the ~~((establishing,))~~ constructing, operating, and maintaining of toll bridges by the department, insofar as reasonably consistent and applicable. ~~((No~~

~~toll facility, toll bridge, toll road, or toll tunnel, shall be combined with any other toll facility for the purpose of financing unless such facilities form a continuous project, to the end that each such facility or project be self-liquidating and self-sustaining.))~~

Sec. 11. RCW 47.56.076 and 2006 c 311 s 19 are each amended to read as follows:

(1) Upon approval of a majority of the voters within its boundaries voting on the ballot proposition, ~~((and with the approval of the state transportation commission or its successor statewide tolling authority,))~~ a regional transportation investment district may authorize vehicle tolls on a local or regional arterial or a state or federal highway within the boundaries of the district. The department shall administer the collection of vehicle tolls authorized on designated facilities unless otherwise specified in law or by contract, and the commission or its successor statewide tolling authority shall set and impose the tolls in amounts sufficient to implement the regional transportation investment plan under RCW 36.120.020.

(2) Consistent with section 4 of this act, vehicle tolls must first be authorized by the legislature if the tolls are imposed on a state route.

(3) Consistent with section 7 of this act, vehicle tolls, including any change in an existing toll rate, must first be reviewed and approved by the tolling authority designated in section 7 of this act if the tolls, or change in toll rate, would have a significant impact, as determined by the tolling authority, on the operation of any state facility.

Sec. 12. RCW 47.56.078 and 2005 c 336 s 25 are each amended to read as follows:

(1) Subject to the provisions under chapter 36.73 RCW, a transportation benefit district may authorize vehicle tolls on state routes or federal highways, city streets, or county roads, within the boundaries of the district, unless otherwise prohibited by law. The department of transportation shall administer the collection of vehicle tolls authorized on state routes or federal highways, unless otherwise specified in law or by contract, and the state transportation commission, or its successor, may approve, set, and impose the tolls in amounts sufficient to implement the district's transportation improvement finance plan. The district shall administer the collection of vehicle tolls authorized on city streets or county roads, and shall set and impose the tolls, only with approval of the transportation commission, in amounts sufficient to implement the district's transportation improvement plan. Tolls may vary for type of vehicle, for time of day, for traffic conditions, and/or other factors designed to improve performance of the facility or the transportation network.

(2) Consistent with section 4 of this act, vehicle tolls must first be authorized by the legislature if the tolls are imposed on a state route.

(3) Consistent with section 7 of this act, vehicle tolls, including any change in an existing toll rate, must first be reviewed and approved by the tolling authority designated in section 7 of this act if the tolls, or change in toll rate, would have a significant impact, as determined by the tolling authority, on the operation of any state facility.

Sec. 13. RCW 47.56.120 and 1977 ex.s. c 151 s 70 are each amended to read as follows:

In the event that ~~((the transportation commission should determine that))~~ any toll bridge should be constructed, all cost thereof including right-of-way, survey, and engineering shall be paid out of any funds available for payment of the cost of such toll bridge under this chapter.

Sec. 14. RCW 47.56.240 and 1984 c 7 s 265 are each amended to read as follows:

Except as otherwise provided in section 7 of this act, the commission is hereby empowered to fix the rates of toll and other charges for all toll bridges built under the terms of this chapter. Toll charges so fixed may be changed from time to time as conditions warrant. The commission, in establishing toll charges, shall give due consideration to the cost of operating and maintaining such toll bridge or toll bridges including the cost of insurance, and to the amount required annually to meet the redemption of bonds and interest payments on them. The tolls and charges shall be at all times fixed at rates to yield annual revenue equal to annual operating and maintenance expenses including insurance costs and all redemption payments and interest charges of the bonds issued for any particular toll bridge or toll bridges as the bonds become due. The bond redemption and interest payments constitute a first direct ~~((and exclusive))~~ charge and lien on all such tolls and other revenues and interest thereon. Sinking funds created therefrom received from the use and operation of the toll bridge or toll bridges, and such tolls and revenues together with the interest earned thereon shall constitute a trust fund for the security and payment of such bonds and shall not be used or pledged for any other purpose as long as any of these bonds are outstanding and unpaid.

Sec. 15. RCW 35.74.050 and 1965 c 7 s 35.74.050 are each amended to read as follows:

A city or town may build and maintain toll bridges and charge and collect tolls thereon, and to that end may provide a system and elect or appoint persons to operate the same, or the said bridges may be made free, as it may elect.

Consistent with section 7 of this act, any toll proposed under this section, including any change in an existing toll rate, must first be reviewed and approved by the tolling authority designated in section 7 of this act if the toll, or change in toll rate, would have a significant impact, as determined by the tolling authority, on the operation of any state facility.

Sec. 16. RCW 36.120.050 and 2006 c 311 s 13 are each amended to read as follows:

(1) A regional transportation investment district planning committee may, as part of a regional transportation investment plan, recommend the imposition or authorization of some or all of the following revenue sources, which a regional transportation investment district may impose or authorize upon approval of the voters as provided in this chapter:

(a) A regional sales and use tax, as specified in RCW 82.14.430, of up to 0.1 percent of the selling price, in the case of a sales tax, or value of the article used, in the case of a use tax, upon the occurrence of any taxable event in the regional transportation investment district;

(b) A local option vehicle license fee, as specified under RCW 82.80.100, of up to one hundred dollars per vehicle registered in the district. As used in this subsection, "vehicle" means motor vehicle as defined in RCW 46.04.320.

Certain classes of vehicles, as defined under chapter 46.04 RCW, may be exempted from this fee;

- (c) A parking tax under RCW 82.80.030;
- (d) A local motor vehicle excise tax under RCW 81.100.060;
- (e) A local option fuel tax under RCW 82.80.120;
- (f) An employer excise tax under RCW 81.100.030; and
- (g) Vehicle tolls on new or reconstructed local or regional arterials or state ~~((or federal highways))~~ routes within the boundaries of the district, if the following conditions are met:

(i) ~~((Any such toll must be approved by the state transportation commission or its successor statewide tolling authority;~~

~~((ii)))~~ Consistent with section 4 of this act, the vehicle toll must first be authorized by the legislature if the toll is imposed on a state route;

(ii) Consistent with section 7 of this act, the vehicle toll, including any change in an existing toll rate, must first be reviewed and approved by the tolling authority designated in section 7 of this act if the toll, or change in toll rate, would have a significant impact, as determined by the tolling authority, on the operation of any state facility;

(iii) The regional transportation investment plan must identify the facilities that may be tolled; and

~~((iii)))~~ (iv) Unless otherwise specified by law, the department shall administer the collection of vehicle tolls on designated facilities, and the state transportation commission, or its successor, shall be the tolling authority, and shall act in accordance with section 7 of this act.

(2) Taxes, fees, and tolls may not be imposed or authorized without an affirmative vote of the majority of the voters within the boundaries of the district voting on a ballot proposition as set forth in RCW 36.120.070. Revenues from these taxes and fees may be used only to implement the plan as set forth in this chapter. A district may contract with the state department of revenue or other appropriate entities for administration and collection of any of the taxes or fees authorized in this section.

(3) Existing statewide motor vehicle fuel and special fuel taxes, at the distribution rates in effect on January 1, 2001, are not intended to be altered by this chapter.

Sec. 17. RCW 36.73.040 and 2005 c 336 s 4 are each amended to read as follows:

(1) A transportation benefit district is a quasi-municipal corporation, an independent taxing "authority" within the meaning of Article VII, section 1 of the state Constitution, and a "taxing district" within the meaning of Article VII, section 2 of the state Constitution.

(2) A transportation benefit district constitutes a body corporate and possesses all the usual powers of a corporation for public purposes as well as all other powers that may now or hereafter be specifically conferred by statute, including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, to acquire, hold, and dispose of real and personal property, and to sue and be sued. Public works contract limits applicable to the jurisdiction that established the district apply to the district.

(3) To carry out the purposes of this chapter, and subject to the provisions of RCW 36.73.065, a district is authorized to impose the following taxes, fees, charges, and tolls:

(a) A sales and use tax in accordance with RCW 82.14.0455;

(b) A vehicle fee in accordance with RCW 82.80.140;

(c) A fee or charge in accordance with RCW 36.73.120. However, if a county or city within the district area is levying a fee or charge for a transportation improvement, the fee or charge shall be credited against the amount of the fee or charge imposed by the district. Developments consisting of less than twenty residences are exempt from the fee or charge under RCW 36.73.120; and

(d) Vehicle tolls on state routes (~~(or federal highways)~~), city streets, or county roads, within the boundaries of the district, unless otherwise prohibited by law. However, consistent with section 4 of this act, the vehicle toll must first be authorized by the legislature if the toll is imposed on a state route. The department of transportation shall administer the collection of vehicle tolls authorized on state routes (~~(or federal highways)~~), unless otherwise specified in law or by contract, and the state transportation commission, or its successor, may approve, set, and impose the tolls in amounts sufficient to implement the district's transportation improvement finance plan. The district shall administer the collection of vehicle tolls authorized on city streets or county roads, and shall set and impose (~~(, only with approval of the transportation commission, or its successor,)~~) the tolls in amounts sufficient to implement the district's transportation improvement plan. However, consistent with section 7 of this act, the vehicle toll, including any change in an existing toll rate, must first be reviewed and approved by the tolling authority designated in section 7 of this act if the toll, or change in toll rate, would have a significant impact, as determined by the tolling authority, on the operation of any state facility.

Sec. 18. RCW 47.29.060 and 2005 c 317 s 6 are each amended to read as follows:

(1) Subject to the limitations in this section, the department may, in connection with the evaluation of eligible projects, consider any financing mechanisms identified under subsections (3) through (5) of this section or any other lawful source, either integrated as part of a project proposal or as a separate, stand-alone proposal to finance a project. Financing may be considered for all or part of a proposed project. A project may be financed in whole or in part with:

(a) The proceeds of grant anticipation revenue bonds authorized by 23 U.S.C. Sec. 122 and applicable state law. Legislative authorization and appropriation is required in order to use this source of financing;

(b) Grants, loans, loan guarantees, lines of credit, revolving lines of credit, or other financing arrangements available under the Transportation Infrastructure Finance and Innovation Act under 23 U.S.C. Sec. 181 et seq., or any other applicable federal law;

(c) Infrastructure loans or assistance from the state infrastructure bank established by RCW 82.44.195;

(d) Federal, state, or local revenues, subject to appropriation by the applicable legislative authority;

(e) User fees, tolls, fares, lease proceeds, rents, gross or net receipts from sales, proceeds from the sale of development rights, franchise fees, or any other lawful form of consideration. However, projects financed by tolls or equivalent funding sources must first be authorized by the legislature under section 4 of this act.

(2) As security for the payment of financing described in this section, the revenues from the project may be pledged, but no such pledge of revenues constitutes in any manner or to any extent a general obligation of the state. Any financing described in this section may be structured on a senior, parity, or subordinate basis to any other financing.

(3) For any transportation project developed under this chapter that is owned, leased, used, or operated by the state, as a public facility, if indebtedness is issued, it must be issued by the state treasurer for the transportation project.

(4) For other public projects defined in RCW 47.29.050(2) that are developed in conjunction with a transportation project, financing necessary to develop, construct, or operate the public project must be approved by the state finance committee or by the governing board of a public benefit corporation as provided in the federal Internal Revenue Code section 63-20;

(5) For projects that are developed in conjunction with a transportation project but are not themselves a public facility or public project, any lawful means of financing may be used.

Sec. 19. RCW 47.58.030 and 1984 c 7 s 290 are each amended to read as follows:

Except as otherwise provided in section 7 of this act, the secretary shall have full charge of the construction of all such improvements and reconstruction work and the construction of any additional bridge, including approaches and connecting highways, that may be authorized under this chapter and the operation of such bridge or bridges, as well as the collection of tolls and other charges for services and facilities thereby afforded. The schedule of charges for the services and facilities shall be fixed and revised from time to time by the commission so that the tolls and revenues collected will yield annual revenue and income sufficient, after payment or allowance for all operating, maintenance, and repair expenses, to pay the interest on all revenue bonds outstanding under the provisions of this chapter for account of the project and to create a sinking fund for the retirement of the revenue bonds at or prior to maturity. The charges shall be continued until all such bonds and interest thereon and unpaid advancements, if any, have been paid.

Sec. 20. RCW 47.60.010 and 1984 c 18 s 1 are each amended to read as follows:

The department is authorized to acquire by lease, charter, contract, purchase, condemnation, or construction, and partly by any or all of such means, and to thereafter operate, improve, and extend, a system of ferries on and crossing Puget Sound and any of its tributary waters and connections thereof, and connecting with the public streets and highways in the state. The system of ferries shall include such boats, vessels, wharves, docks, approaches, landings, franchises, licenses, and appurtenances as shall be determined by the department to be necessary or desirable for efficient operation of the ferry system and best serve the public. Subject to section 4 of this act, the department may in like

manner acquire by purchase, condemnation, or construction and include in the ferry system such toll bridges, approaches, and connecting roadways as may be deemed by the department advantageous in channeling traffic to points served by the ferry system. In addition to the powers of acquisition granted by this section, the department is empowered to enter into any contracts, agreements, or leases with any person, firm, or corporation and to thereby provide, on such terms and conditions as it shall determine, for the operation of any ferry or ferries or system thereof, whether acquired by the department or not.

The authority of the department to sell and lease back any state ferry, for federal tax purposes only, as authorized by 26 U.S.C., Sec. 168(f)(8) is confirmed. Legal title and all incidents of legal title to any ferry sold and leased back (except for the federal tax benefits attributable to the ownership thereof) shall remain in the state of Washington.

Sec. 21. RCW 53.34.010 and 1984 c 7 s 365 are each amended to read as follows:

In addition to all other powers granted to port districts, any such district may, with the consent of the department of transportation, acquire by condemnation, purchase, lease, or gift, and may construct, reconstruct, maintain, operate, furnish, equip, improve, better, add to, extend, and lease to others in whole or in part and sell in whole or in part any one or more of the following port projects, within or without or partially within and partially without the corporate limits of the district whenever the commission of the district determines that any one or more of such projects are necessary for or convenient to the movement of commercial freight and passenger traffic a part of which traffic moves to, from, or through the territory of the district:

(1) Toll bridges;

(2) Tunnels under or upon the beds of any river, stream, or other body of water, or through mountain ranges.

In connection with the acquisition or construction of any one or more of such projects the port districts may, with the consent of the state department of transportation, further acquire or construct, maintain, operate, or improve limited or unlimited access highway approaches of such length as the commission of such district deems advisable to provide means of interconnection of the facilities with public highways and of ingress and egress to any such project, including plazas and toll booths, and to construct and maintain under, along, over, or across any such project telephone, telegraph, or electric transmission wires and cables, fuel lines, gas transmission lines or mains, water transmission lines or mains, and other mechanical equipment not inconsistent with the appropriate use of the project, all for the purpose of obtaining revenues for the payment of the cost of the project.

Consistent with section 7 of this act, any toll, including any change in an existing toll rate, proposed under this section must first be reviewed and approved by the tolling authority designated in section 7 of this act if the toll, or change in toll rate, would have a significant impact, as determined by the tolling authority, on the operation of any state facility.

NEW SECTION. **Sec. 22.** The following acts or parts of acts are each repealed:

(1) RCW 47.56.0761 (Regional transportation investment district—Tolls on Lake Washington bridges) and 2006 c 311 s 20; and

(2) RCW 47.56.080 (Construction of toll bridges and issuance of bonds authorized) and 1977 ex.s. c 151 s 68 & 1961 c 13 s 47.56.080.

NEW SECTION. **Sec. 23.** A new section is added to chapter 47.56 RCW to read as follows:

The toll collection account is created in the custody of the state treasurer. All receipts from prepaid customer tolls must be deposited into the account. Distributions from the account may be used only to refund customers' prepaid tolls or for distributions into the appropriate toll facility account. Distributions into the appropriate toll facility account shall be based on charges incurred at each toll facility and shall include a proportionate share of interest earned from amounts deposited into the account. For purposes of accounting, distributions from the account constitute earned toll revenues in the receiving toll facility account at the time of distribution. Only the secretary of transportation or the secretary's designee may authorize distributions from the account. Distributions of revenue and refunds from this account are not subject to the allotment procedures under chapter 43.88 RCW and an appropriation is not required.

Sec. 24. RCW 43.79A.040 and 2007 c 523 s 5, 2007 c 357 s 21, and 2007 c 214 s 14 are each reenacted and amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury.

(2) All income received from investment of the treasurer's trust fund shall be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment 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)(a) Monthly, the state treasurer shall distribute the earnings credited to the investment income account to the state general fund except under (b) and (c) of this subsection.

(b) The following accounts and funds shall receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The Washington promise scholarship account, the college savings program account, the Washington advanced college tuition payment program account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the students with dependents grant account, the basic health plan self-insurance reserve account, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the Washington international exchange scholarship endowment fund, the toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family leave insurance account, the

fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the grain inspection revolving fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the sulfur dioxide abatement account, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account (earnings from the Washington horse racing commission operating account must be credited to the Washington horse racing commission class C purse fund account), the life sciences discovery fund, the Washington state heritage center account, and the reading achievement account. However, the earnings to be distributed shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(c) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advanced right-of-way revolving fund, the advanced environmental mitigation revolving account, the city and county advance right-of-way revolving fund, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

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

NEW SECTION. Sec. 25. Sections 1 through 7 of this act are each added to chapter 47.56 RCW under the subchapter heading "toll facilities created after July 1, 2008."

NEW SECTION. Sec. 26. Sections 23 and 24 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately.

Passed by the House March 8, 2008.

Passed by the Senate March 5, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 123

[Engrossed Substitute House Bill 2480]

TRANSPORTATION FARES—PUBLIC

AN ACT Relating to public transportation fares; amending RCW 35.58.020 and 36.57A.010; adding new sections to chapter 35.58 RCW; adding new sections to chapter 36.57A RCW; creating a new section; and prescribing penalties.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 35.58 RCW to read as follows:

(1) Persons traveling on public transportation operated by a metropolitan municipal corporation or a city-owned transit system shall pay the fare established by the metropolitan municipal corporation or the city-owned transit system. Such persons shall produce proof of payment when requested by a person designated to monitor fare payment.

(2) The following constitute civil infractions punishable according to the schedule of fines and penalties established by a metropolitan municipal corporation or a city-owned transit system under section 2 of this act:

- (a) Failure to pay the required fare;
- (b) Failure to display proof of payment when requested to do so by a person designated to monitor fare payment; and
- (c) Failure to depart the bus or other mode of public transportation when requested to do so by a person designated to monitor fare payment.

NEW SECTION. Sec. 2. A new section is added to chapter 35.58 RCW to read as follows:

(1) Both a metropolitan municipal corporation and a city-owned transit system may establish, by resolution, a schedule of fines and penalties for civil infractions established in section 1 of this act. Fines established shall not exceed those imposed for class 1 infractions under RCW 7.80.120.

(2)(a) Both a metropolitan municipal corporation and a city-owned transit system may designate persons to monitor fare payment who are equivalent to, and are authorized to exercise all the powers of, an enforcement officer as defined in RCW 7.80.040. Both a metropolitan municipal corporation and a city-owned transit system may employ personnel to either monitor fare payment or contract for such services, or both.

(b) In addition to the specific powers granted to enforcement officers under RCW 7.80.050 and 7.80.060, persons designated to monitor fare payment may also take the following actions:

- (i) Request proof of payment from passengers;
- (ii) Request personal identification from a passenger who does not produce proof of payment when requested;
- (iii) Issue a citation conforming to the requirements established in RCW 7.80.070; and
- (iv) Request that a passenger leave the bus or other mode of public transportation when the passenger has not produced proof of payment after being asked to do so by a person designated to monitor fare payment.

(3) Both a metropolitan municipal corporation and a city-owned transit system shall keep records of citations in the manner prescribed by RCW 7.80.150. All civil infractions established by this section and sections 1 and 3 of this act shall be heard and determined by a district court as provided in RCW 7.80.010 (1) and (4).

NEW SECTION. Sec. 3. A new section is added to chapter 35.58 RCW to read as follows:

Sections 1 and 2 of this act do not prevent law enforcement authorities from prosecuting for theft, trespass, or other charges by any individual who:

(1) Fails to pay the required fare on more than one occasion within a twelve-month period;

(2) Fails to timely select one of the options for responding to the notice of civil infraction after receiving a statement of the options for responding to the notice of infraction and the procedures necessary to exercise these options; or

(3) Fails to depart the bus or other mode of public transportation when requested to do so by a person designated to monitor fare payment.

NEW SECTION. Sec. 4. A new section is added to chapter 35.58 RCW to read as follows:

The powers and authority conferred by sections 1 through 3 of this act shall be construed as in addition and supplemental to powers or authority conferred by any other law, and nothing contained therein shall be construed as limiting any other powers or authority of any public agency.

Sec. 5. RCW 35.58.020 and 1982 c 103 s 1 are each amended to read as follows:

The definitions set forth in this section apply throughout this chapter.

(1) "Metropolitan municipal corporation" means a municipal corporation of the state of Washington created pursuant to this chapter, or a county which has by ordinance or resolution assumed the rights, powers, functions, and obligations of a metropolitan municipal corporation pursuant to the provisions of chapter 36.56 RCW.

(2) "Metropolitan area" means the area contained within the boundaries of a metropolitan municipal corporation, or within the boundaries of an area proposed to be organized as such a corporation.

(3) "City" means an incorporated city or town.

(4) "Component city" means an incorporated city or town within a metropolitan area.

(5) "Component county" means a county, all or part of which is included within a metropolitan area.

(6) "Central city" means the city with the largest population in a metropolitan area.

(7) "Central county" means the county containing the city with the largest population in a metropolitan area.

(8) "Special district" means any municipal corporation of the state of Washington other than a city, county, or metropolitan municipal corporation.

(9) "Metropolitan council" means the legislative body of a metropolitan municipal corporation, or the legislative body of a county which has by ordinance or resolution assumed the rights, powers, functions, and obligations of a metropolitan municipal corporation pursuant to the provisions of chapter 36.56 RCW.

(10) "City council" means the legislative body of any city or town.

(11) "Population" means the number of residents as shown by the figures released for the most recent official state, federal, or county census, or population determination made under the direction of the office of financial management.

(12) "Metropolitan function" means any of the functions of government named in RCW 35.58.050.

(13) "Authorized metropolitan function" means a metropolitan function which a metropolitan municipal corporation shall have been authorized to perform in the manner provided in this chapter.

(14) "Metropolitan public transportation" or "metropolitan transportation" for the purposes of this chapter means the transportation of packages, passengers, and their incidental baggage by means other than by chartered bus, sightseeing bus, or any other motor vehicle not on an individual fare-paying basis, together with the necessary passenger terminals and parking facilities or other properties necessary for passenger and vehicular access to and from such people-moving systems: PROVIDED, That nothing in this chapter shall be construed to prohibit a metropolitan municipal corporation from leasing its buses to private certified carriers; to prohibit a metropolitan municipal corporation from providing school bus service for the transportation of pupils; or to prohibit a metropolitan municipal corporation from chartering an electric streetcar on rails which it operates entirely within a city.

(15) "Pollution" has the meaning given in RCW 90.48.020.

(16) "Proof of payment" means evidence of fare prepayment authorized by a metropolitan municipal corporation or a city-owned transit system for the use of buses or other modes of public transportation.

(17) "City-owned transit system" means a system of public transportation owned or operated, including contracts for the services of a publicly owned or operated system of transportation, by a city that is not located within the boundaries of a metropolitan municipal corporation, county transportation authority, or public transportation benefit area.

NEW SECTION. Sec. 6. A new section is added to chapter 36.57A RCW to read as follows:

(1) Persons traveling on public transportation operated by a public transportation benefit area shall pay the fare established by the public transportation benefit area. Such persons shall produce proof of payment when requested by a person designated to monitor fare payment.

(2) The following constitute civil infractions punishable according to the schedule of fines and penalties established by a public transportation benefit area under section 7 of this act:

(a) Failure to pay the required fare;

(b) Failure to display proof of payment when requested to do so by a person designated to monitor fare payment; and

(c) Failure to depart the bus or other mode of public transportation when requested to do so by a person designated to monitor fare payment.

NEW SECTION. Sec. 7. A new section is added to chapter 36.57A RCW to read as follows:

(1) A public transportation benefit area may establish, by resolution, a schedule of fines and penalties for civil infractions established in section 6 of this act. Fines established shall not exceed those imposed for class 1 infractions under RCW 7.80.120.

(2)(a) A public transportation benefit area may designate persons to monitor fare payment who are equivalent to, and are authorized to exercise all the powers of, an enforcement officer as defined in RCW 7.80.040. A public transportation

benefit area may employ personnel to either monitor fare payment or contract for such services, or both.

(b) In addition to the specific powers granted to enforcement officers under RCW 7.80.050 and 7.80.060, persons designated to monitor fare payment may also take the following actions:

- (i) Request proof of payment from passengers;
- (ii) Request personal identification from a passenger who does not produce proof of payment when requested;
- (iii) Issue a citation conforming to the requirements established in RCW 7.80.070; and
- (iv) Request that a passenger leave the bus or other mode of public transportation when the passenger has not produced proof of payment after being asked to do so by a person designated to monitor fare payment.

(3) A public transportation benefit area shall keep records of citations in the manner prescribed by RCW 7.80.150. All civil infractions established by this section and sections 6 and 8 of this act shall be heard and determined by a district court as provided in RCW 7.80.010 (1) and (4).

NEW SECTION. Sec. 8. A new section is added to chapter 36.57A RCW to read as follows:

Sections 6 and 7 of this act do not prevent law enforcement authorities from prosecuting for theft, trespass, or other charges by any individual who:

- (1) Fails to pay the required fare on more than one occasion within a twelve-month period;
- (2) Fails to timely select one of the options for responding to the notice of civil infraction after receiving a statement of the options for responding to the notice of infraction and the procedures necessary to exercise these options; or
- (3) Fails to depart the bus or other mode of public transportation when requested to do so by a person designated to monitor fare payment.

NEW SECTION. Sec. 9. A new section is added to chapter 36.57A RCW to read as follows:

The powers and authority conferred by sections 6 through 8 of this act shall be construed as in addition and supplemental to powers or authority conferred by any other law, and nothing contained therein shall be construed as limiting any other powers or authority of any public agency.

Sec. 10. RCW 36.57A.010 and 2003 c 83 s 209 are each amended to read as follows:

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

- (1) "Public transportation benefit area" means a municipal corporation of the state of Washington created pursuant to this chapter.
- (2) "Public transportation benefit area authority" or "authority" means the legislative body of a public transportation benefit area.
- (3) "City" means an incorporated city or town.
- (4) "Component city" means an incorporated city or town within a public transportation benefit area.
- (5) "City council" means the legislative body of any city or town.
- (6) "County legislative authority" means the board of county commissioners or the county council.

(7) "Population" means the number of residents as shown by the figures released for the most recent official state, federal, or county census, or population determination made by the office of financial management.

(8) "Proof of payment" means evidence of fare prepayment authorized by a public transportation benefit area for the use of buses or other modes of public transportation.

(9) "Public transportation service" means the transportation of packages, passengers, and their incidental baggage by means other than by chartered bus, sight-seeing bus, together with the necessary passenger terminals and parking facilities or other properties necessary for passenger and vehicular access to and from such people moving systems: PROVIDED, That nothing shall prohibit an authority from leasing its buses to private certified carriers or prohibit the authority from providing school bus service. "Public transportation service" includes passenger-only ferry service for those public transportation benefit areas eligible to provide passenger-only ferry service under RCW 36.57A.200.

~~((9))~~ (10) "Public transportation improvement conference" or "conference" means the body established pursuant to RCW 36.57A.020 which shall be authorized to establish, subject to the provisions of RCW 36.57A.030, a public transportation benefit area pursuant to the provisions of this chapter.

NEW SECTION. Sec. 11. The code reviser shall alphabetize and renumber the definitions in RCW 35.58.020 and 36.57A.010.

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 124

[Substitute Senate Bill 6932]

FERRIES—VESSEL AND TERMINAL PLANNING

AN ACT Relating to ferry vessel and terminal planning; amending RCW 47.60.005, 47.60.375, 47.60.345, 47.60.385, and 47.60.335; and adding new sections to chapter 47.60 RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 47.60.005 and 2007 c 512 s 3 are each amended to read as follows:

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

(1) "Adaptive management" means a systematic process for continually improving management policies and practices by learning from the outcomes of operational programs.

(2) "Capital plan" means the state ferry system plan developed by the department as described in RCW 47.06.050(2) (~~and adopted~~), reviewed by the commission, and reported to the transportation committees of the legislature by the commission.

(3) "Capital project" has the same meaning as used in budget instructions developed by the office of financial management.

(4) "Commission" means the transportation commission created in RCW 47.01.051.

(5) "Improvement project" has the same meaning as in the budget instructions developed by the office of financial management. If the budget instructions do not define improvement project, then it has the same meaning as "program project" in the budget instructions. If a project meets both the improvement project and preservation project definitions in this section it must be defined as an improvement project. New vessel acquisitions must be defined as improvement projects.

(6) "Life-cycle cost model" means that portion of a capital asset inventory system which, among other things, is used to estimate future preservation needs.

(7) "Maintenance cost" has the same meaning as used in budget instructions developed by the office of financial management.

(8) "Preservation project" has the same meaning as used in budget instructions developed by the office of financial management.

(9) "Route" means all ferry sailings from one location to another, such as the Seattle to Bainbridge route or the Port Townsend to Keystone route.

(10) "Sailing" means an individual ferry sailing for a specific route, such as the 5:00 p.m. sailing from Seattle to Bremerton.

(11) "Travel shed" means one or more ferry routes with distinct characteristics as determined by the department.

NEW SECTION. Sec. 2. A new section is added to chapter 47.60 RCW to read as follows:

The department shall develop and maintain a vessel rebuild and replacement plan that, at a minimum:

(1) Includes projected retirement dates for all vessels, distinguishing between active and inactive vessels;

(2) Includes projected rebuild dates for all vessels;

(3) Includes timelines for vessel replacement, including business decisions, design, procurement, and construction; and

(4) Includes a summary of the condition of all vessels, distinguishing between active and inactive vessels.

Sec. 3. RCW 47.60.375 and 2007 c 512 s 13 are each amended to read as follows:

(1) The capital plan must adhere to the following:

~~((1))~~ (a) A current ridership demand forecast;

~~((2))~~ (b) Vehicle level of service standards as described in RCW 47.06.140;

~~((3))~~ (c) Operational strategies as described in RCW 47.60.327; and

~~((4))~~ (d) Terminal design standards as described in RCW 47.60.365.

(2) The capital plan must include the following:

(a) A current vessel preservation plan;

(b) A current systemwide vessel rebuild and replacement plan;

(c) A current vessel deployment plan; and

(d) A current terminal preservation plan.

Sec. 4. RCW 47.60.345 and 2007 c 512 s 10 are each amended to read as follows:

(1) The department shall maintain a life-cycle cost model on capital assets such that:

(a) Available industry standards are used for estimating the life of an asset, and department-adopted standard life cycles derived from the experience of similar public and private entities are used when industry standards are not available;

(b) Standard estimated life is adjusted for asset condition when inspections are made;

(c) It does not include utilities or other systems that are not replaced on a standard life cycle; and

(d) It does not include assets not yet built.

(2) All assets in the life-cycle cost model must be inspected and updated in the life-cycle cost model for asset condition at least every three years.

(3) The life-cycle cost model shall be used when estimating future ~~((system))~~ terminal and vessel preservation needs.

(4) The life-cycle cost model shall be the basis for developing the budget request for terminal and vessel preservation funding.

NEW SECTION. Sec. 5. A new section is added to chapter 47.60 RCW to read as follows:

(1) The department shall develop and maintain a vessel maintenance and preservation program that meets or exceeds all federal requirements and, at a minimum:

(a) Includes a bilge and void maintenance program;

(b) Includes a visual inspection/audio gauging steel preservation program; and

(c) Uses a lowest life-cycle cost method.

(2) The vessel maintenance and preservation program must maximize cost efficiency by, at a minimum:

(a) Reducing planned out-of-service time to the greatest extent possible; and

(b) Striving to eliminate planned peak season out-of-service periods.

(3) When construction is underway for the replacement of a vessel, the vessel that is scheduled for retirement is exempt from the requirement in subsection (1)(c) of this section.

(4) The department shall include a plain language status report on the maintenance and preservation vessel program with each budget submittal to the office of financial management. This report must include, at a minimum:

(a) A description of the maintenance and preservation of each vessel in the fleet;

(b) A highlight and explanation of any significant deviation from the norm;

(c) A highlight and explanation of any significant deviation from the vessel preservation plan required under RCW 47.60.375;

(d) A highlight and explanation of decisions not to invest in vessels; and

(e) A highlight and explanation of decisions to invest early in vessels.

Sec. 6. RCW 47.60.385 and 2007 c 512 s 14 are each amended to read as follows:

(1) Terminal improvement project funding requests must adhere to the capital plan.

(2) Requests for terminal improvement design and construction funding must be submitted with a predesign study that:

(a) Includes all elements required by the office of financial management;

(b) Separately identifies basic terminal elements essential for operation and their costs;

(c) Separately identifies additional elements to provide ancillary revenue and customer comfort and their costs;

(d) Includes construction phasing options that are consistent with forecasted ridership increases;

(e) Separately identifies additional elements requested by local governments and the cost and proposed funding source of those elements;

(f) Separately identifies multimodal elements and the cost and proposed funding source of those elements; and

(g) Identifies all contingency amounts.

(h) When planning for new vessel acquisitions, the department must evaluate the long-term vessel operating costs related to fuel efficiency and staffing.

Sec. 7. RCW 47.60.335 and 2007 c 512 s 9 are each amended to read as follows:

(1) Appropriations made for the Washington state ferries capital program may not be used for maintenance costs.

(2) Appropriations made for preservation projects shall be spent only on preservation and only when warranted by asset condition, and shall not be spent on master plans, right-of-way acquisition, or other nonpreservation items.

(3) Systemwide and administrative capital program costs shall be allocated to specific capital projects using a cost allocation plan developed by the department. Systemwide and administrative capital program costs shall be identifiable.

(4) The vessel emergency repair budget may not be used for planned maintenance and inspections of inactive vessels.

Passed by the Senate March 10, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 125

[House Bill 2564]

DRIVERS' EDUCATION—BICYCLIST AND PEDESTRIAN SAFETY

AN ACT Relating to adding bicyclist and pedestrian safety information to drivers' education curriculum; amending RCW 46.82.420; adding a new section to chapter 28A.220 RCW; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds and declares that it is the policy of the state of Washington to encourage the safe and efficient use of the roads by all citizens, regardless of mode of transportation. In furtherance of this policy, the legislature further finds and declares that driver training programs should enhance the driver training curriculum in order to emphasize the importance of safely sharing the road with bicyclists and pedestrians.

NEW SECTION. Sec. 2. This act may be known and cited as the Matthew "Tatsuo" Nakata act.

Sec. 3. RCW 46.82.420 and 2007 c 97 s 3 are each amended to read as follows:

(1) The advisory committee shall consult with the department in the development and maintenance of a basic minimum required curriculum and the department shall furnish to each qualifying applicant for an instructor's license or a driver training school license a copy of such curriculum.

(2) In addition to information on the safe, lawful, and responsible operation of motor vehicles on the state's highways, the basic minimum required curriculum shall include information on:

(a) Intermediate driver's license issuance, passenger and driving restrictions and sanctions for violating the restrictions, and the effect of traffic violations and collisions on the driving privileges;

(b) The effects of alcohol and drug use on motor vehicle operators, including information on drug and alcohol related traffic injury and mortality rates in the state of Washington and the current penalties for driving under the influence of drugs or alcohol; ~~((and))~~

(c) Motorcycle awareness, approved by the director, to ensure new operators of motor vehicles have been instructed in the importance of safely sharing the road with motorcyclists;

(d) Bicycle safety, to ensure that operators of motor vehicles have been instructed in the importance of safely sharing the road with bicyclists; and

(e) Pedestrian safety, to ensure that operators of motor vehicles have been instructed in the importance of safely sharing the road with pedestrians.

(3) Should the director be presented with acceptable proof that any licensed instructor or driver training school is not showing proper diligence in teaching such basic minimum curriculum as required, the instructor or school shall be required to appear before the advisory committee and show cause why the license of the instructor or school should not be revoked for such negligence. If the committee does not accept such reasons as may be offered, the director may revoke the license of the instructor or school, or both.

NEW SECTION. Sec. 4. A new section is added to chapter 28A.220 RCW to read as follows:

The superintendent of public instruction shall require that information on driving safely among bicyclists and pedestrians, approved by the director of the department of licensing, be included in instructional material used in traffic safety education courses, to ensure that new operators of motor vehicles have been instructed in safely sharing the road with bicyclists and pedestrians.

Passed by the House February 19, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 126

[Substitute House Bill 2746]

FUEL PURCHASING—STATE AND LOCAL AGENCIES

AN ACT Relating to the purchasing of fuel; adding new sections to chapter 35.58 RCW; adding a new section to chapter 47.60 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds and declares that units of state and local government purchasing large amounts of fuel in the regular course of performing their function should have substantial flexibility in acquiring fuel to obtain predictability and control of fuel costs, and to maximize the use of renewable fuels. The legislature hereby declares its intent to allow certain units of government that regularly purchase large amounts of fuel to explore and implement strategies that are designed to reduce the overall cost of fuel and mitigate the impact of market fluctuations and pressure on both short-term and long-term fuel costs.

NEW SECTION. Sec. 2. A new section is added to chapter 35.58 RCW to read as follows:

(1) In performing the metropolitan transportation function, metropolitan municipal corporations and counties that have assumed the rights, powers, functions, and obligations of metropolitan municipal corporations under chapter 36.56 RCW may explore and implement strategies designed to reduce the overall cost of fuel and mitigate the impact of market fluctuations and pressure on both short-term and long-term fuel costs. These strategies may include, but are not limited to, futures contracts, hedging, swap transactions, option contracts, costless collars, and long-term storage.

(2) Metropolitan municipal corporations and counties that have assumed the rights, powers, functions, and obligations of metropolitan municipal corporations under chapter 36.56 RCW that choose to implement the strategies authorized in this section must submit periodic reports to the transportation committees of the legislature on the status of any such implemented strategies. Each report must include a description of each contract established to mitigate fuel costs, the amounts of fuel covered by the contracts, the cost mitigation results, and any related recommendations. The first report must be submitted within one year of implementation.

NEW SECTION. Sec. 3. A new section is added to chapter 35.58 RCW to read as follows:

If metropolitan municipal corporations and counties that have assumed the rights, powers, functions, and obligations of metropolitan municipal corporations under chapter 36.56 RCW choose to implement the strategies authorized in section 2 of this act, the state is not liable for any financial losses that may be incurred as the result of participating in such strategies.

NEW SECTION. Sec. 4. A new section is added to chapter 47.60 RCW to read as follows:

In performing the function of operating its ferry system, the department may, subject to the availability of amounts appropriated for this specific purpose and after consultation with the department of general administration's office of state procurement, explore and implement strategies designed to reduce the overall cost of fuel and mitigate the impact of market fluctuations and pressure on both short-term and long-term fuel costs. These strategies may include, but are not limited to, futures contracts, hedging, swap transactions, option contracts, costless collars, and long-term storage. The department shall periodically submit a report to the transportation committees of the legislature and the office of state procurement on the status of any such implemented

strategies, including cost mitigation results, a description of each contract established to mitigate fuel costs, the amounts of fuel covered by the contracts, the cost mitigation results, and any related recommendations. The first report must be submitted within one year of implementation.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 127

[Substitute House Bill 3224]

COMMUTER RAIL SERVICES—STUDY

AN ACT Relating to a feasibility study on commuter rail services; creating new sections; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. (1) The regional transit authority serving the Puget Sound region shall work in conjunction with the Puget Sound regional council to review existing studies and consider other relevant information for the purpose of determining whether commuter rail service between eastern Snohomish county and eastern King county, based on commuter needs, can be a meaningful component of the region's future transportation system. A feasibility study must be conducted if the initial review does not provide sufficient information to:

(a) Assess how many riders might be attracted to commuter rail service in this region;

(b) Identify and evaluate which locations would most benefit from commuter rail service;

(c) Identify and evaluate potential station sites;

(d) Provide a general analysis of the ability of the existing rail lines and sections to accommodate commuter rail service, the effect of this service on existing and planned rail and freight operations, and an estimate of how tourism in the region might be affected;

(e) Estimate costs for establishing a concurrent bicycle and pedestrian pathway along or near the Woodinville subdivision; and

(f) Identify which portions of the existing railroad sections would be most beneficial and cost-effective to develop for commuter rail service.

(2) The authority and council shall submit a joint report on the results of their initial review and any feasibility study to the transportation committees of the house of representatives and senate by February 1, 2009.

(3) This section expires December 31, 2009.

NEW SECTION. Sec. 2. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus transportation appropriations act, this act is null and void.

Passed by the House February 19, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 25, 2008.
Filed in Office of Secretary of State March 25, 2008.

CHAPTER 128

[Substitute Senate Bill 6602]

PILOTAGE ACT

AN ACT Relating to the pilotage act; amending RCW 88.16.010, 88.16.035, 88.16.070, 88.16.090, 88.16.100, 88.16.102, 88.16.103, 88.16.105, 88.16.107, 88.16.110, 88.16.135, 88.16.155, 88.16.200, 34.05.514, 88.16.061, and 43.79.330; reenacting and amending RCW 88.16.118, 43.84.092, and 43.79A.040; adding a new section to chapter 88.16 RCW; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 88.16.010 and 2003 c 58 s 1 are each amended to read as follows:

(1) The board of pilotage commissioners of the state of Washington is hereby created and shall consist of the assistant secretary of marine ~~((transportation))~~ operations of the department of transportation of the state of Washington, or the assistant secretary's designee who shall be an employee of the marine division, who shall be chairperson, the director of the department of ecology, or the director's designee, and seven members appointed by the governor and confirmed by the senate. Each of the appointed commissioners shall be appointed for a term of four years from the date of the member's commission. No person shall be eligible for appointment to the board unless that person is at the time of appointment eighteen years of age or over and a citizen of the United States and of the state of Washington. Two of the appointed commissioners shall be pilots licensed under this chapter and actively engaged in piloting upon the waters covered by this chapter for at least three years immediately preceding the time of appointment and while serving on the board. One pilot shall be from the Puget Sound pilotage district and the other pilot shall be from either the Grays Harbor pilotage district or the Puget Sound pilotage district. Two of the appointed commissioners shall be actively engaged in the ownership, operation, or management of deep sea cargo and/or passenger carrying vessels for at least three years immediately preceding the time of appointment and while serving on the board. One of the shipping commissioners shall be a representative of American and one of foreign shipping. One of the commissioners shall be a representative from a recognized environmental organization concerned with marine waters. The remaining commissioners shall be persons interested in and concerned with pilotage, maritime safety, and marine affairs, with broad experience related to the maritime industry exclusive of experience as either a state licensed pilot or as a shipping representative.

(2) Any vacancy in an appointed position on the board shall be filled by the governor for the remainder of the unfilled term, subject to confirmation by the senate.

(3) Five members of the board shall constitute a quorum. At least one pilot, one shipping representative, and one public member must be present at every meeting. All commissioners and the chairperson shall have a vote.

Sec. 2. RCW 88.16.035 and 2006 c 53 s 1 are each amended to read as follows:

(1) The board of pilotage commissioners shall:

(a) Adopt rules, pursuant to chapter 34.05 RCW, necessary for the enforcement and administration of this chapter;

(b)(i) Issue training licenses and pilot licenses to pilot applicants meeting the qualifications provided for in RCW 88.16.090 and such additional qualifications as may be determined by the board;

(ii) Establish a comprehensive training program to assist in the training and evaluation of pilot applicants before final licensing; and

(iii) Establish additional training requirements, including a program of continuing education developed after consultation with pilot organizations, including those located within the state of Washington, as required to maintain a competent pilotage service;

(c) Maintain a register of pilots, records of pilot accidents, and other history pertinent to pilotage (~~(, along with a roster of vessels, agents, owners, operators, and masters necessary for the maintenance of a roster of persons interested in and concerned with pilotage and maritime safety)~~);

(d) Determine from time to time the number of pilots necessary to be licensed in each district of the state to optimize the operation of a safe, fully regulated, efficient, and competent pilotage service in each district;

(e) Annually fix the pilotage tariffs for pilotage services performed aboard vessels as required by this chapter: PROVIDED, That the board may fix extra compensation for extra services to vessels in distress, for awaiting vessels, for all vessels in direct transit to or from a Canadian port where Puget Sound pilotage is required for a portion of the voyage, or for being carried to sea on vessels against the will of the pilot, and for such other services as may be determined by the board;

(f) File annually with the governor and the chairs of the transportation committees of the senate and house of representatives a report which includes, but is not limited to, the following: The number, names, ~~((addresses,))~~ ages, pilot license number, training license number, and years of service as a Washington licensed pilot of any person licensed by the board as a Washington state pilot or trainee; the names, employment, and other information of the members of the board; the total number of pilotage assignments by pilotage district, including information concerning the various types and sizes of vessels and the total annual tonnage; the annual earnings or stipends of individual pilots and trainees before and after deduction for expenses of pilot organizations, including extra compensation as a separate category; the annual expenses of private pilot associations, including personnel employed and capital expenditures; the status of pilotage tariffs, extra compensation, and travel; the retirement contributions paid to pilots and the disposition thereof; the number of groundings, ~~((mishaps))~~ marine occurrences, or other incidents which are reported to or investigated by the board, and which are determined to be accidents, as defined by the board, including the vessel name, location of incident, pilot's or trainee's name, and disposition of the case together with information received before the board acted from all persons concerned, including the United States coast guard; the names, qualifications, time scheduled for examinations, and the district of persons desiring to apply for

Washington state pilotage licenses; summaries of dispatch records, quarterly reports from pilots, and the bylaws and operating rules of pilotage organizations; the names, sizes in deadweight tons, surcharges, if any, port of call, name of the pilot or trainee, and names and horsepower of tug boats for any and all oil tankers subject to the provisions of RCW 88.16.190 together with the names of any and all vessels for which the United States coast guard requires special handling pursuant to their authority under the Ports and Waterways Safety Act of 1972; the expenses of the board; and any and all other information which the board deems appropriate to include;

(g) ~~((Publish a manual which))~~ Make available information that includes the pilotage act and other statutes of Washington state and the federal government ~~((which))~~ that affect pilotage, including the rules of the board, together with such additional information as may be informative for pilots, agents, owners, operators, and masters ~~((Such manual shall be distributed without cost to all pilots and governmental agencies upon request. All other copies shall be sold for a five dollar fee with proceeds to be credited to the pilotage account))~~;

(h) Appoint advisory committees and employ marine experts as necessary to carry out its duties under this chapter;

(i) Provide for the maintenance of efficient and competent pilotage service on all waters covered by this chapter; and do such other things as are reasonable, necessary, and expedient to insure proper and safe pilotage upon the waters covered by this chapter and facilitate the efficient administration of this chapter.

(2) The board may pay stipends to pilot trainees under subsection (1)(b) of this section.

Sec. 3. RCW 88.16.070 and 1996 c 144 s 1 are each amended to read as follows:

Every vessel not exempt under this section that operates in the waters of the Puget Sound pilotage district or Grays Harbor pilotage district is subject to compulsory pilotage under this chapter.

(1) A United States vessel on a voyage in which it is operating exclusively on its coastwise endorsement, its fishery endorsement (including catching and processing its own catch outside United States waters and economic zone for delivery in the United States), and/or its recreational (or pleasure) endorsement, and all United States and Canadian vessels engaged exclusively in the coasting trade on the west coast of the continental United States (including Alaska) and/or British Columbia shall be exempt from the provisions of this chapter unless a pilot licensed under this chapter be actually employed, in which case the pilotage rates provided for in this chapter shall apply. ~~((However,))~~

(2) The board ~~((shall))~~ may, upon the written petition of any interested party, and upon notice and opportunity for hearing, grant an exemption from the provisions of this chapter to any vessel that the board finds is (a) a small passenger vessel ((or yacht which)) that is not more than five hundred gross tons (international), does not exceed two hundred feet in overall length, and is operated exclusively in the waters of the Puget Sound pilotage district and lower British Columbia, or (b) a yacht that is not more than five hundred gross tons (international) and does not exceed two hundred feet in overall length. Such an exemption shall not be detrimental to the public interest in regard to safe operation preventing loss of human lives, loss of property, and protecting the marine environment of the state of Washington. Such petition shall set out the

general description of the vessel, the contemplated use of same, the proposed area of operation, and the name and address of the vessel's owner. The board shall annually, or at any other time when in the public interest, review any exemptions granted to this specified class of small vessels to insure that each exempted vessel remains in compliance with the original exemption. The board shall have the authority to revoke such exemption where there is not continued compliance with the requirements for exemption. The board shall maintain a file which shall include all petitions for exemption, a roster of vessels granted exemption, and the board's written decisions which shall set forth the findings for grants of exemption. Each applicant for exemption or annual renewal shall pay a fee, payable to the pilotage account. Fees for initial applications and for renewals shall be established by rule, and shall not exceed one thousand five hundred dollars. The board shall report annually to the legislature on such exemptions.

(3) Every vessel not ~~((s))~~ exempt~~((:))~~ under subsection (1) or (2) of this section shall, while navigating the Puget Sound and Grays Harbor ~~((and Willapa Bay))~~ pilotage districts, employ a pilot licensed under the provisions of this chapter and shall be liable for and pay pilotage rates in accordance with the pilotage rates herein established or which may hereafter be established under the provisions of this chapter: PROVIDED, That any vessel inbound to or outbound from Canadian ports is exempt from the provisions of this section, if said vessel actually employs a pilot licensed by the Pacific pilotage authority (the pilot licensing authority for the western district of Canada), and if it is communicating with the vessel traffic system and has appropriate navigational charts, and if said vessel uses only those waters east of the international boundary line which are west of a line which begins at the southwestern edge of Point Roberts then to Alden Point (Patos Island), then to Skipjack Island light, then to Turn Point (Stuart Island), then to Kellet Bluff (Henry Island), then to Lime Kiln (San Juan Island) then to the intersection of one hundred twenty-three degrees seven minutes west longitude and forty-eight degrees twenty-five minutes north latitude then to the international boundary. The board shall correspond with the Pacific pilotage authority from time to time to ensure the provisions of this section are enforced. If any exempted vessel does not comply with these provisions it shall be deemed to be in violation of this section and subject to the penalties provided in RCW 88.16.150 as now or hereafter amended and liable to pilotage fees as determined by the board. The board shall investigate any accident on the waters covered by this chapter involving a Canadian pilot and shall include the results in its annual report.

Sec. 4. RCW 88.16.090 and 2007 c 518 s 706 are each amended to read as follows:

(1) A person may pilot any vessel subject to this chapter on waters covered by this chapter only if licensed to pilot such vessels on such waters under this chapter.

(2)(a) A person is eligible to be licensed as a pilot or a pilot trainee if the person:

- (i) Is a citizen of the United States;
- (ii) Is over the age of twenty-five years and under the age of seventy years;
- (iii) ~~((Is a resident of the state of Washington at the time of licensure as a pilot;~~

~~(iv)~~(A) Holds at the time of application, as a minimum, a United States government license as master of steam or motor vessels of not more than one thousand six hundred gross register tons (three thousand international tonnage convention tons) upon oceans, near coastal waters, or inland waters; or the then most equivalent federal license as determined by the board; any such license to have been held by the applicant for a period of at least two years before application;

(B) Holds at the time of licensure as a pilot, after successful completion of the board-required training program, a first class United States endorsement without restrictions on the United States government license for the pilotage district in which the pilot applicant desires to be licensed; however, all applicants for a pilot examination scheduled to be given before July 1, 2008, must have the United States pilotage endorsement at the time of application; and

(C) The board may ~~((establish such other))~~ require that applicants and pilots have federal licenses ((requirements for applicants and pilots--)) and endorsements as it deems appropriate; and

~~((iv))~~ (iv) Successfully completes a board-specified training program.

(b) In addition to the requirements of (a) of this subsection, a pilot applicant must meet such other qualifications as may be required by the board.

(c) A person applying for a license under this section shall not have been convicted of an offense involving drugs or the personal consumption of alcohol in the twelve months prior to the date of application. This restriction does not apply to license renewals under this section.

(3) The board may establish such other training license and pilot license requirements as it deems appropriate.

(4) Pilot applicants shall be evaluated and may be ranked for entry into a board-specified training program in a manner specified by the board based on their ~~((experience, other qualifications as may be set by the board,))~~ performance on a written examination or examinations established by the board, ~~((and))~~ performance ~~((in such))~~ on other evaluation exercises as may be required by the board, ~~((for entry into a board-specified training program))~~ and other criteria or qualifications as may be set by the board.

When the board determines that the demand for pilots requires entry of an applicant into the training program it shall issue a training license to that applicant, but under no circumstances may an applicant be issued a training license more than four years after taking the written entry examination. The training license authorizes the trainee to do such actions as are specified in the training program.

After the completion of the training program the board shall evaluate the trainee's performance and knowledge. The board, as it deems appropriate, may then issue a pilot license, delay the issuance of the pilot license, deny the issuance of the pilot license, or require further training and evaluation.

(5) The board may (a) appoint a special independent committee or ~~((may))~~ (b) contract with ~~((a firm))~~ private or governmental entities knowledgeable and experienced in the development ~~((of professional tests and evaluations for development and grading of the examinations and other evaluation methods.~~ Active licensed state pilots may be consulted for the general development of any examinations and evaluation exercises but shall have no knowledge of the specific questions. ~~The pilot members of the board may participate in the~~

grading of examinations)), administration, and grading of licensing examinations or simulator evaluations for marine pilots, or (c) do both. Active, licensed pilots designated by the board may participate in the development, administration, and grading of examinations and other evaluation exercises. If the board does appoint a special examination or evaluation development committee, it is authorized to pay the members of the committee the same compensation and travel expenses as received by members of the board. Any person who willfully gives advance knowledge of information contained on a pilot examination or other evaluation exercise is guilty of a gross misdemeanor.

(6) This subsection applies to the review of a pilot applicant's written examinations and evaluation exercises to qualify to be placed on a waiting list to become a pilot trainee. Failure to comply with the process set forth in this subsection renders the results of the pilot applicant's written examinations and evaluation exercises final. A pilot applicant may seek board review, administrative review, and judicial review of the results of the written examinations and evaluation exercises in the following manner:

(a) A pilot applicant who seeks a review of the results of his or her written examinations or evaluation exercises must request from the board-appointed or board-designated examination committee an administrative review of the results of his or her written examinations or evaluation exercises as set forth by board rule.

(b) The determination of the examination committee's review of a pilot applicant's examination results becomes final after thirty days from the date of service of written notification of the committee's determination unless a full adjudicative hearing before an administrative law judge has been requested by the pilot applicant before the thirty-day period has expired, as set forth by board rule.

(c) When a full adjudicative hearing has been requested by the pilot applicant, the board shall request the appointment of an administrative law judge under chapter 34.12 RCW who has sufficient experience and familiarity with pilotage matters to be able to conduct a fair and impartial hearing. The hearing shall be governed by chapter 34.05 RCW. The administrative law judge shall issue an initial order.

(d) The initial order of the administrative law judge is final unless within thirty days of the date of service of the initial order the board or pilot applicant requests review of the initial order under chapter 34.05 RCW.

(e) The board may appoint a person to review the initial order and to prepare and enter a final order as governed by chapter 34.05 RCW and as set forth by board rule. The person appointed by the board under this subsection (6)(e) is called the board reviewing officer.

(7) Pilots are licensed under this section for a term of five years from and after the date of the issuance of their respective state licenses. Licenses must thereafter be renewed as a matter of course, unless the board withholds the license for good cause. Each pilot shall pay to the state treasurer an annual license fee in an amount set by the board by rule. The fees established under this subsection may be increased in excess of the fiscal growth factor as provided in RCW 43.135.055 through the fiscal year ending June 30, 2009. The fees must be deposited in the ((state treasury to the credit of the)) pilotage account. The board may assess partially active or inactive pilots a reduced fee.

~~((7))~~ (8) All pilots and ~~((applicants))~~ pilot trainees are subject to an annual physical examination by a physician chosen by the board. The physician shall examine the ~~((applicant's))~~ pilot's or pilot trainee's heart, blood pressure, circulatory system, lungs and respiratory system, eyesight, hearing, and such other items as may be prescribed by the board. After consultation with a physician and the United States coast guard, the board shall establish minimum health standards to ensure that pilots and pilot trainees licensed by the state are able to perform their duties. Within ninety days of the date of each annual physical examination, and after review of the physician's report, the board shall make a determination of whether the pilot or ~~((applicant))~~ pilot trainee is fully able to carry out the duties of a pilot or pilot trainee under this chapter. The board may in its discretion check with the appropriate authority for any convictions of or information regarding offenses by a licensed pilot or pilot trainee involving drugs or the personal consumption of alcohol in the prior twelve months.

~~((8))~~ (9) The board may require vessel simulator training for a pilot ~~((applicant))~~ trainee and shall require vessel simulator training for a licensed pilot subject to RCW 88.16.105. The board shall also require vessel simulator training in the first year of active duty for a new pilot and at least once every five years for all active pilots.

~~((9))~~ (10) The board shall prescribe, pursuant to chapter 34.05 RCW, such reporting requirements and review procedures as may be necessary to assure the accuracy and validity of license and service claims. Willful misrepresentation of such required information by a pilot applicant shall result in disqualification of the pilot applicant.

Sec. 5. RCW 88.16.100 and 1990 c 116 s 28 are each amended to read as follows:

(1) The board shall have power on its own motion or, in its discretion, upon the written request of any interested party, to investigate the performance of pilotage services subject to this chapter and to issue a reprimand, impose a fine against a pilot in an amount not to exceed five thousand dollars, suspend, withhold, or revoke the license of any pilot, or any combination of the above, for misconduct, incompetency, inattention to duty, intoxication, or failure to perform his duties under this chapter, or violation of any of the rules or regulations provided by the board for the government of pilots. The board may partially or totally stay any disciplinary action authorized in this subsection and subsection (2) of this section. The board shall have the power to require that a pilot satisfactorily complete a specific course of training or treatment.

(2) In all instances where a pilot licensed under this chapter performs pilot services on a vessel exempt under RCW 88.16.070, the board may on its own motion, or in its discretion upon the written request of any interested party, investigate whether the services were performed in a professional manner consistent with sound maritime practices. If the board finds that the pilotage services were performed in a manner that constitutes an act of incompetence, misconduct, or negligence so as to endanger life, limb, or property, or violated or failed to comply with state laws or regulations intended to promote marine safety or to protect navigable waters, the board may issue a reprimand, impose a fine against a pilot in an amount not to exceed five thousand dollars, suspend, withhold, or revoke the state pilot license, or any combination of the above. The

board shall have the power to require that a pilot satisfactorily complete a specific course of training or treatment.

(3) The board shall implement a system of specified disciplinary actions or corrective actions, including training or treatment, that will be taken when a state licensed pilot in a specified period of time has had multiple disciplinary actions taken against the pilot's license pursuant to subsections (1) and (2) of this section. In developing these disciplinary or corrective actions, the board shall take into account the cause of the disciplinary action and the pilot's previous record.

(4) The board shall immediately review the pilot's license of a pilot who has been ~~((convicted within the prior twelve months of))~~ charged with any offense involving drugs or the personal consumption of alcohol while on duty, including an offense of operation of a vehicle or vessel while under the influence of alcohol or drugs. After a hearing held pursuant to subsection (5) of this section:

(a) The board shall order a pilot who has been found to have been convicted ~~((within the prior twelve months))~~ of an offense involving drugs or the personal consumption of alcohol while on duty and who has not been convicted of another offense involving drugs or the personal consumption of alcohol in the previous five years to actively participate in and satisfactorily complete a specific program of treatment. The board may impose other sanctions it determines are appropriate. If the pilot does not satisfactorily complete the program of treatment, the board shall suspend, revoke, or withhold the pilot's license until the treatment is completed; and

(b) The board shall suspend for ~~((up to))~~ not less than one year the license of a pilot found to have been convicted ~~((within the prior twelve months))~~ of a second or subsequent offense involving drugs or the personal consumption of alcohol while on duty.

(5) When the board determines that reasonable cause exists to issue a reprimand, impose a fine, suspend, revoke, or withhold any pilot's license or require training or treatment under subsection (1), (2), or (4) of this section, it shall ~~((forthwith))~~ prepare and personally serve upon such pilot a notice advising him or her of the board's intended action, the specific grounds ~~((therefor))~~ for the action, and the right to request a hearing to challenge the board's action. The pilot shall have thirty days from the date on which notice is served to request a full hearing before an administrative law judge on the issue of the reprimand, fine, suspension, revocation, or withholding of his or her pilot's license, or requiring treatment or training. The board's proposed reprimand, fine, suspension, revocation, or withholding of a license, or requiring treatment or training shall become final upon the expiration of thirty days from the date notice is served, unless a hearing has been requested prior to that time. When a hearing is requested, the board shall request the appointment of an administrative law judge under chapter 34.12 RCW who has sufficient experience and familiarity with pilotage matters to be able to conduct a fair and impartial hearing. The hearing shall be governed by the provisions of Title 34 RCW. All final decisions of the administrative law judge shall be subject to review by the superior court of the state of Washington for Thurston county ~~((or))~~, by the superior court of the county in which the pilot maintains his or her residence or principal place of business, or by the superior court of the county in which the board maintains its office, to which court any case with all the papers

and proceedings therein shall be immediately certified by the administrative law judge if requested to do so by any party to the proceedings at any time within thirty days after the date of any such final decision. No appeal may be taken after the expiration of thirty days after the date of final decision. Any case so certified to the superior court shall be tried de novo and after certification of the record to said superior court the proceedings shall be had as in a civil action. Moneys collected from fines under this section shall be deposited in the pilotage account.

(6) The board shall have the power, on an emergency basis, to temporarily suspend a state pilot's license: (a) When a pilot has been involved in any vessel accident where there has been major property damage, loss of life, or loss of a vessel, or (b) where there is a reasonable cause to believe that a pilot has diminished mental capacity or is under the influence of drugs, alcohol, or other substances, when in the opinion of the board, such an accident or physical or mental impairment would significantly diminish that pilot's ability to carry out pilotage duties and that the public health, safety, and welfare requires such emergency action. The board shall make a determination within seventy-two hours whether to continue the suspension. The board shall develop rules for exercising this authority including procedures for the chairperson or vice-chairperson of the board to temporarily order such suspensions, emergency meetings of the board to consider such suspensions, the length of suspension, opportunities for hearings, and an appeal process. The board shall develop rules under chapter 34.05 RCW.

(7) The board shall immediately notify the United States coast guard that it has revoked or suspended a license pursuant to this section and that a suspended or revoked license has been reinstated.

Sec. 6. RCW 88.16.102 and 1979 ex.s. c 207 s 4 are each amended to read as follows:

The license of ~~((all pilots shall be))~~ a pilot is terminated upon the pilot reaching the age of seventy(~~(: PROVIDED, That all pilots licensed as of September 1, 1979 may continue piloting and hold licenses until May 1, 1982))~~).

Sec. 7. RCW 88.16.103 and 1986 c 122 s 2 are each amended to read as follows:

(1) Pilots and pilot trainees, after completion of an assignment or assignments which are seven hours or longer in duration, shall receive a mandatory rest period of seven hours.

(2) A pilot or pilot trainee shall refuse a pilotage assignment if the pilot or pilot trainee is physically or mentally fatigued or if the pilot or pilot trainee has a reasonable belief that the assignment cannot be carried out in a competent and safe manner. Upon refusing an assignment (~~(as herein provided)~~) under this subsection, a pilot or pilot trainee shall submit a written explanation to the board within forty-eight hours. If the board finds that the pilot's or pilot trainee's written explanation is without merit, or reasonable cause did not exist for the assignment refusal, such pilot or pilot trainee may be subject to the provisions of RCW 88.16.100.

(3) The board shall quarterly review the dispatch records of pilot organizations or pilot's quarterly reports to ensure the provisions of this section

are enforced. The board may prescribe rules for rest periods pursuant to chapter 34.05 RCW.

Sec. 8. RCW 88.16.105 and 1991 c 200 s 1003 are each amended to read as follows:

The board shall prescribe, pursuant to chapter 34.05 RCW, rules governing the size and type of vessels which a newly licensed pilot may be assigned to pilot on the waters of this state and whether the assignment involves docking or undocking a vessel. The rules shall also prescribe required familiarization trips before a newly licensed pilot may pilot a larger or different type of vessel. ~~((Such rules shall be for the first five year period in which pilots are actually employed.))~~

Sec. 9. RCW 88.16.107 and 1977 ex.s. c 337 s 15 are each amended to read as follows:

Any pilot or pilot trainee licensed pursuant to this chapter may appear or testify before the legislature or board of pilotage commissioners and no person shall place any sanction against said pilot or pilot trainee for having testified or appeared.

Sec. 10. RCW 88.16.110 and 2001 c 36 s 5 are each amended to read as follows:

(1) Every pilot licensed under this chapter shall file with the board not later than the tenth day of January, April, July, and October of each year a report for the preceding quarter. ~~((Said))~~ The report shall contain an account of all moneys received for pilotage by him or her or by any other person for the pilot or on the pilot's account or for his or her benefit. ~~((Said))~~ The report shall state the name of each vessel piloted, the amount charged to and/or collected from each vessel, the port of registry of such vessel, its dead weight tonnage, whether it was inward or outward bound, whether the amount so received, collected, or charged is in full payment of pilotage, and ~~((such))~~ other information as the board shall prescribe by ~~((regulation prescribe))~~ rule. The board may from time to time require additional information as it deems necessary.

(2) The report shall include information for each vessel that suffers a grounding, collision, or other major marine casualty that occurred while the pilot was on duty during the reporting period. The report shall also include information on near miss incidents as defined in RCW 88.46.100. Information concerning near miss incidents provided pursuant to this section shall not be used for imposing any sanctions or penalties. The board shall forward information provided under this subsection to the department of ecology for inclusion in the collision reporting system established under RCW 88.46.100.

Sec. 11. RCW 88.16.118 and 2005 c 123 s 2 and 2005 c 26 s 3 are each reenacted and amended to read as follows:

(1)(a) A ~~((ship's))~~ pilot licensed to act as such by the state of Washington, and any countywide port district located partly or entirely within the Grays Harbor pilotage district as defined by RCW 88.16.050(2) authorized to provide pilotage services with pilots employed by or under contract with the port district, shall not be liable for damages in excess of the amount of five thousand dollars for damages or loss occasioned by a pilot's or pilot trainee's errors, omissions, fault, or neglect in the performance of pilotage or pilot training services, except

as may arise by reason of the willful misconduct or gross negligence of ~~((a))~~ the pilot.

(b) A pilot trainee licensed to act as such by the state of Washington is not liable for damages in excess of the amount of five thousand dollars for damages or loss occasioned by the pilot trainee's errors, omissions, fault, or neglect in the performance of pilotage or pilot training services, except as may arise by reason of the willful misconduct or gross negligence of the pilot trainee.

(2) When a pilot or pilot trainee boards a vessel to provide pilotage services, that pilot or pilot trainee becomes a servant of the vessel and its owner and operator. Nothing in this section exempts the vessel, its owner, or its operator from liability for damage or loss occasioned by that ship to a person or property on the ground that ~~((1))~~ (a) the ship was piloted by a Washington state licensed pilot or pilot trainee, or ~~((2))~~ (b) the damage or loss was occasioned by the error, omission, fault, or neglect of a Washington state licensed pilot or pilot trainee.

(3) Pilots, pilot trainees, and board members are immune from civil liability to any party for damages or other relief that is in any way based on the communication of, to a pilot or pilot trainee, to the board, or to any other appropriate governmental authority or person, any of the following: (a) Information about any incident or occurrence involving collision, allision, or grounding of any vessel, including near-miss occurrences; (b) information about any other marine occurrence that the pilot or pilot trainee believes involved or involves undue risk in the navigation of any vessel that could result in damage to any person, vessel, structure, aid to navigation, or the marine environment of this state; or (c) any report or other written, oral, or electronic evaluation of the performance of any pilot or pilot trainee. "Performance" includes, but is not limited to, professional ability, attitude, performance of duties, effort, knowledge, skills, and other relevant factors. This protection and immunity does not apply when a pilot or pilot trainee intentionally releases or discloses information known to be false. The immunity granted to a person under this section is in addition to any common law or statutory privilege or immunity enjoyed by the person, and this section is not intended to abrogate or modify any such common law or statutory privilege or immunity. The immunity from civil liability provided under this section shall be liberally construed to accomplish the purposes of this chapter and to encourage the free flow of information and opinions to the board.

Sec. 12. RCW 88.16.135 and 1987 c 485 s 6 are each amended to read as follows:

Any ~~((steamship company or))~~ ship operator or ship husbanding agent may submit a request in writing to the board that a particular pilot not be assigned to pilot that company's vessels. The request shall be based on specific safety concerns of the ~~((steamship company or))~~ ship operator or ship husbanding agent.

The board shall notify interested persons and hold a hearing on that request, and either approve or disapprove the request. If the request is approved, the board shall notify the affected pilot and give the pilot a specific list of vessels for which that pilot shall not provide pilotage services.

Sec. 13. RCW 88.16.155 and 1977 ex.s. c 337 s 11 are each amended to read as follows:

(1) The master of any vessel which employs a Washington licensed pilot shall certify on a form prescribed by the board of pilotage commissioners that the vessel complies with:

(a) Such provisions of the United States coast guard regulations governing the safety and navigation of vessels in United States waters, as codified in Title 33 of the code of federal regulations, as the board may prescribe; and

(b) The provisions of current international agreements governing the safety, radio equipment, and pollution of vessels and other matters as ratified by the United States Senate and prescribed by the board.

(2) The master of any vessel which employs a Washington licensed pilot shall be prepared to produce, and any Washington licensed pilot employed by a vessel shall request to see, certificates of the vessel which certify and indicate that the vessel complies with subsection (1) of this section and the rules of the board promulgated pursuant to subsection (1) of this section.

(3) If the master of a vessel which employs a Washington licensed pilot cannot certify that the vessel complies with subsection (1) of this section and the rules of the board adopted pursuant to subsection (1) of this section, the master shall certify that:

(a) The vessel will comply with subsection (1) of this section before the time the vessel is scheduled to leave the waters of Washington state; and

(b) The coast guard captain of the port was notified of the noncomplying items when they were determined; and

(c) The coast guard captain of the port has authorized the vessel to proceed under such conditions as prescribed by the coast guard pursuant to its authority under federal statutes and regulations.

(4) After the board has prescribed the form required under subsection (1) of this section, no Washington licensed pilot shall offer pilotage services to any vessel on which the master has failed to make a certification required by this section. If the master fails to make a certification the pilot shall:

(a) Disembark from the vessel as soon as safely practicable; and

(b) Immediately inform the ~~((port))~~ coast guard captain of the port of the conditions and circumstances by the best possible means; and

(c) Forward a written report to the board no later than twenty-four hours after disembarking from the vessel.

(5) Any Washington licensed pilot who offers pilotage services to a vessel on which the master has failed to make a certification required by this section or the rules of the board adopted under this section shall be subject to RCW 88.16.150, as now or hereafter amended, and RCW 88.16.100, as now or hereafter amended.

(6) The board shall revise the requirements enumerated in this section as necessary to reflect changes in coast guard regulations, federal statutes, and international agreements. All actions of the board under this section shall comply with chapters 34.05 and 42.30 RCW. The board shall prescribe the time of and method for retention of forms which have been signed by the master of a vessel in accordance with the provisions of this section.

(7) This section shall not apply to the movement of dead ships. The board shall prescribe pursuant to chapter 34.05 RCW, after consultation with the coast

guard and interested persons, for the movement of dead ships and the certification process thereon.

Sec. 14. RCW 88.16.200 and 1991 c 200 s 603 are each amended to read as follows:

Any vessel designed for the purpose of carrying as its cargo liquefied natural or ((propane)) liquefied petroleum gas shall adhere to the provisions of RCW 88.16.190(2) as though it were an oil tanker.

NEW SECTION. Sec. 15. A new section is added to chapter 88.16 RCW to read as follows:

A master, pilot, or pilot trainee who deviates from the provisions of this chapter or Title 363 WAC in order to comply with any federal or international law or treaty, such as 46 U.S.C. Sec. 2304 et seq., or any other provision of law of the state, or who deviates in order to ensure the safety of the vessel or its crew under the control of the master, pilot, or pilot trainee, shall submit a pilot's report of marine safety occurrence as prescribed by the board of pilotage commissioners in WAC 363-116-200 in the case of a near-miss occurrence. If the deviation occurred while the vessel was operating under the control of a pilot or pilot trainee licensed in this state, then the report must be submitted by the pilot or pilot trainee with input provided by the master. The report must describe the circumstances leading to the deviation from the provisions of this chapter and the consequences of that deviation. If the consequences of the deviation include an incident as defined in WAC 363-116-200, then the pilot's report of marine safety occurrence must be submitted in addition to any reports required as a result of the incident. The board shall investigate the circumstances surrounding the deviation and, if the facts of the situation so warrant, may waive enforcement action against the master, pilot, or pilot trainee if the board finds that the deviation was: Taken in order to comply with any other law that may have precedence; required by the ordinary practice of seamen; or justified by the special circumstances of the case.

Sec. 16. RCW 34.05.514 and 2001 c 220 s 3 are each amended to read as follows:

(1) Except as provided in subsections (2) ((and (3))) through (4) of this section, proceedings for review under this chapter shall be instituted by paying the fee required under RCW 36.18.020 and filing a petition in the superior court, at the petitioner's option, for (a) Thurston county, (b) the county of the petitioner's residence or principal place of business, or (c) in any county where the property owned by the petitioner and affected by the contested decision is located.

(2) For proceedings involving institutions of higher education, the petition shall be filed either in the county in which the principal office of the institution involved is located or in the county of a branch campus if the action involves such branch.

(3) For proceedings conducted by the pollution control hearings board pursuant to chapter 43.21B RCW or as otherwise provided in RCW 90.03.210(2) involving decisions of the department of ecology on applications for changes or transfers of water rights that are the subject of a general adjudication of water rights that is being litigated actively under chapter 90.03 or 90.44 RCW, the petition must be filed with the superior court conducting the adjudication, to be

consolidated by the court with the general adjudication. A party to the adjudication shall be a party to the appeal under this chapter only if the party files or is served with a petition for review to the extent required by this chapter.

(4) For proceedings involving appeals of examinations or evaluation exercises of the board of pilotage commissioners under chapter 88.16 RCW, the petition must be filed either in Thurston county or in the county in which the board maintains its principal office.

Sec. 17. RCW 88.16.061 and 1967 c 15 s 11 are each amended to read as follows:

The account in the general fund designated in RCW 43.79.330(17) as the "Puget Sound pilotage account" is hereby redesignated as the "pilotage account".

The pilotage account is hereby redesignated as a nonappropriated account, and is therefore created in the custody of the state treasurer. All receipts designated, credited, or transferred to the pilotage account must be deposited into the account. Expenditures from the account may be used only for the purposes of the board of pilotage commissioners as prescribed under this chapter. Only the board or the board's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

Sec. 18. RCW 43.79.330 and 1991 sp.s. c 13 s 3 are each amended to read as follows:

All moneys to the credit of the following state funds on the first day of August, 1955, and all moneys thereafter paid to the state treasurer for or to the credit of such funds, are hereby transferred to the following accounts in the state treasury, the creation of which is hereby authorized:

(1) Capitol building construction fund moneys, to the capitol building construction account;

(2) Cemetery ~~((fund))~~ account moneys, to the cemetery account;

(3) Feed and fertilizer fund moneys, to the feed and fertilizer account;

(4) Forest development fund moneys, to the forest development account;

(5) Harbor improvement fund moneys, to the harbor improvement account;

(6) Millersylvania Park current fund moneys, to the Millersylvania Park current account;

~~(7) ((Puget Sound pilotage fund moneys, to the Puget Sound pilotage account;~~

~~(8))~~ Real estate commission fund moneys, to the real estate commission account;

~~((9))~~ (8) Reclamation revolving fund moneys, to the reclamation revolving account;

~~((10))~~ (9) University of Washington building fund moneys, to the University of Washington building account; and

~~((11))~~ (10) State College of Washington building fund moneys, to the Washington State University building account.

Sec. 19. RCW 43.84.092 and 2007 c 514 s 3, 2007 c 513 s 1, 2007 c 484 s 4, and 2007 c 356 s 9 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:

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 budget stabilization 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 Columbia river basin water supply development account, the common school construction fund, the county arterial preservation account, the county criminal justice assistance account, the county sales and use tax equalization account, the data processing building construction 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 education construction fund, the education legacy trust account, the election account, the energy freedom 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 congestion relief account, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the health services account, the public health services account, the health system capacity account, the personal 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 account, the high-occupancy toll lanes operations account, 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 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 municipal sales and use tax equalization account, the natural resources deposit account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, ~~((the pilotage 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 transportation systems account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the Puyallup tribal settlement 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 Washington loan fund, the safety and education account, the site closure account, 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 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 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 urban arterial trust account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the Washington fruit express account, 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 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 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, and the state university permanent fund shall be allocated to their respective beneficiary accounts. All

earnings to be distributed under this subsection (4)(a) shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(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. 20. RCW 43.79A.040 and 2007 c 523 s 5, 2007 c 357 s 21, and 2007 c 214 s 14 are each reenacted and amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury.

(2) All income received from investment of the treasurer's trust fund shall be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment 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)(a) Monthly, the state treasurer shall distribute the earnings credited to the investment income account to the state general fund except under (b) and (c) of this subsection.

(b) The following accounts and funds shall receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The Washington promise scholarship account, the college savings program account, the Washington advanced college tuition payment program account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the students with dependents grant account, the basic health plan self-insurance reserve account, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the Washington international exchange scholarship endowment fund, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family leave insurance account, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the grain inspection revolving fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the pilotage account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the sulfur dioxide abatement account, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account (earnings from the Washington horse racing commission operating account must be credited to the Washington horse racing commission class C

purse fund account), the life sciences discovery fund, the Washington state heritage center account, and the reading achievement account. However, the earnings to be distributed shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(c) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advanced right-of-way revolving fund, the advanced environmental mitigation revolving account, the city and county advance right-of-way revolving fund, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

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

NEW SECTION. Sec. 21. Sections 17 through 20 of this act take effect July 1, 2009.

Passed by the Senate February 16, 2008.

Passed by the House March 7, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 129

[Substitute House Bill 3126]

SALES AND USE TAX—STREAMLINING

AN ACT Relating to the interaction of the streamlined sales and use tax legislation and the power of local governments to license and tax; amending RCW 35.22.280, 35.23.440, 35.27.370, and 35.102.050; and adding a new section to chapter 35A.21 RCW.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 35.22.280 and 1993 c 83 s 4 are each amended to read as follows:

Any city of the first class shall have power:

(1) To provide for general and special elections, for questions to be voted upon, and for the election of officers;

(2) To provide for levying and collecting taxes on real and personal property for its corporate uses and purposes, and to provide for the payment of the debts and expenses of the corporation;

(3) To control the finances and property of the corporation, and to acquire, by purchase or otherwise, such lands and other property as may be necessary for any part of the corporate uses provided for by its charter, and to dispose of any such property as the interests of the corporation may, from time to time, require;

(4) To borrow money for corporate purposes on the credit of the corporation, and to issue negotiable bonds therefor, on such conditions and in such manner as shall be prescribed in its charter; but no city shall, in any manner or for any purpose, become indebted to an amount in the aggregate to exceed the limitation of indebtedness prescribed by chapter 39.36 RCW as now or hereafter amended;

(5) To issue bonds in place of or to supply means to meet maturing bonds or other indebtedness, or for the consolidation or funding of the same;

(6) To purchase or appropriate private property within or without its corporate limits, for its corporate uses, upon making just compensation to the owners thereof, and to institute and maintain such proceedings as may be authorized by the general laws of the state for the appropriation of private property for public use;

(7) To lay out, establish, open, alter, widen, extend, grade, pave, plank, establish grades, or otherwise improve streets, alleys, avenues, sidewalks, wharves, parks, and other public grounds, and to regulate and control the use thereof, and to vacate the same, and to authorize or prohibit the use of electricity at, in, or upon any of said streets, or for other purposes, and to prescribe the terms and conditions upon which the same may be so used, and to regulate the use thereof;

(8) To change the grade of any street, highway, or alley within its corporate limits, and to provide for the payment of damages to any abutting owner or owners who shall have built or made other improvements upon such street, highway, or alley at any point opposite to the point where such change shall be made with reference to the grade of such street, highway, or alley as the same existed prior to such change;

(9) To authorize or prohibit the locating and constructing of any railroad or street railroad in any street, alley, or public place in such city, and to prescribe the terms and conditions upon which any such railroad or street railroad shall be located or constructed; to provide for the alteration, change of grade, or removal thereof; to regulate the moving and operation of railroad and street railroad trains, cars, and locomotives within the corporate limits of said city; and to provide by ordinance for the protection of all persons and property against injury in the use of such railroads or street railroads;

(10) To provide for making local improvements, and to levy and collect special assessments on property benefited thereby, and for paying for the same or any portion thereof;

(11) To acquire, by purchase or otherwise, lands for public parks within or without the limits of such city, and to improve the same. When the language of any instrument by which any property is so acquired limits the use of said property to park purposes and contains a reservation of interest in favor of the grantor or any other person, and where it is found that the property so acquired is not needed for park purposes and that an exchange thereof for other property to be dedicated for park purposes is in the public interest, the city may, with the consent of the grantor or such other person, his heirs, successors, or assigns, exchange such property for other property to be dedicated for park purposes, and may make, execute, and deliver proper conveyances to effect the exchange. In any case where, owing to death or lapse of time, there is neither donor, heir, successor, or assignee to give consent, this consent may be executed by the city and filed for record with an affidavit setting forth all efforts made to locate people entitled to give such consent together with the facts which establish that no consent by such persons is attainable. Title to property so conveyed by the city shall vest in the grantee free and clear of any trust in favor of the public arising out of any prior dedication for park purposes, but the right of the public

shall be transferred and preserved with like force and effect to the property received by the city in such exchange;

(12) To construct and keep in repair bridges, viaducts, and tunnels, and to regulate the use thereof;

(13) To determine what work shall be done or improvements made at the expense, in whole or in part, of the owners of the adjoining contiguous, or proximate property, or others specially benefited thereby; and to provide for the manner of making and collecting assessments therefor;

(14) To provide for erecting, purchasing, or otherwise acquiring waterworks, within or without the corporate limits of said city, to supply said city and its inhabitants with water, or authorize the construction of same by others when deemed for the best interests of such city and its inhabitants, and to regulate and control the use and price of the water so supplied;

(15) To provide for lighting the streets and all public places, and for furnishing the inhabitants thereof with gas or other lights, and to erect, or otherwise acquire, and to maintain the same, or to authorize the erection and maintenance of such works as may be necessary and convenient therefor, and to regulate and control the use thereof;

(16) To establish and regulate markets, and to provide for the weighing, measuring, and inspection of all articles of food and drink offered for sale thereat, or at any other place within its limits, by proper penalties, and to enforce the keeping of proper legal weights and measures by all vendors in such city, and to provide for the inspection thereof. Whenever the words "public markets" are used in this chapter, and the public market is managed in whole or in part by a public corporation created by a city, the words shall be construed to include all real or personal property located in a district or area designated by a city as a public market and traditionally devoted to providing farmers, crafts vendors and other merchants with retail space to market their wares to the public. Property located in such a district or area need not be exclusively or primarily used for such traditional public market retail activities and may include property used for other public purposes including, but not limited to, the provision of human services and low-income or moderate-income housing;

(17) To erect and establish hospitals and pesthouses, and to control and regulate the same;

(18) To provide for establishing and maintaining reform schools for juvenile offenders;

(19) To provide for the establishment and maintenance of public libraries, and to appropriate, annually, such percent of all moneys collected for fines, penalties, and licenses as shall be prescribed by its charter, for the support of a city library, which shall, under such regulations as shall be prescribed by ordinance, be open for use by the public;

(20) To regulate the burial of the dead, and to establish and regulate cemeteries within or without the corporate limits, and to acquire land therefor by purchase or otherwise; to cause cemeteries to be removed beyond the limits of the corporation, and to prohibit their establishment within two miles of the boundaries thereof;

(21) To direct the location and construction of all buildings in which any trade or occupation offensive to the senses or deleterious to public health or safety shall be carried on, and to regulate the management thereof; and to

prohibit the erection or maintenance of such buildings or structures, or the carrying on of such trade or occupation within the limits of such corporation, or within the distance of two miles beyond the boundaries thereof;

(22) To provide for the prevention and extinguishment of fires and to regulate or prohibit the transportation, keeping, or storage of all combustible or explosive materials within its corporate limits, and to regulate and restrain the use of fireworks;

(23) To establish fire limits and to make all such regulations for the erection and maintenance of buildings or other structures within its corporate limits as the safety of persons or property may require, and to cause all such buildings and places as may from any cause be in a dangerous state to be put in safe condition;

(24) To regulate the manner in which stone, brick, and other buildings, party walls, and partition fences shall be constructed and maintained;

(25) To deepen, widen, dock, cover, wall, alter, or change the channels of waterways and courses, and to provide for the construction and maintenance of all such works as may be required for the accommodation of commerce, including canals, slips, public landing places, wharves, docks, and levees, and to control and regulate the use thereof;

(26) To control, regulate, or prohibit the anchorage, moorage, and landing of all watercrafts and their cargoes within the jurisdiction of the corporation;

(27) To fix the rates of wharfage and dockage, and to provide for the collection thereof, and to provide for the imposition and collection of such harbor fees as may be consistent with the laws of the United States;

(28) To license, regulate, control, or restrain wharf boats, tugs, and other boats used about the harbor or within such jurisdiction;

(29) To require the owners of public halls or other buildings to provide suitable means of exit; to provide for the prevention and abatement of nuisances, for the cleaning and purification of watercourses and canals, for the drainage and filling up of ponds on private property within its limits, when the same shall be offensive to the senses or dangerous to health; to regulate and control, and to prevent and punish, the defilement or pollution of all streams running through or into its corporate limits, and for the distance of five miles beyond its corporate limits, and on any stream or lake from which the water supply of said city is taken, for a distance of five miles beyond its source of supply; to provide for the cleaning of areas, vaults, and other places within its corporate limits which may be so kept as to become offensive to the senses or dangerous to health, and to make all such quarantine or other regulations as may be necessary for the preservation of the public health, and to remove all persons afflicted with any infectious or contagious disease to some suitable place to be provided for that purpose;

(30) To declare what shall be a nuisance, and to abate the same, and to impose fines upon parties who may create, continue, or suffer nuisances to exist;

(31) To regulate the selling or giving away of intoxicating, malt, vinous, mixed, or fermented liquors as authorized by the general laws of the state: PROVIDED, That no license shall be granted to any person or persons who shall not first comply with the general laws of the state in force at the time the same is granted;

(32) To grant licenses for any lawful purpose, and to fix by ordinance the amount to be paid therefor, and to provide for revoking the same(=

~~PROVIDED, That~~). However, no license shall be granted to continue for longer than one year from the date thereof. A city may not require a business to be licensed based solely upon registration under or compliance with the streamlined sales and use tax agreement;

(33) To regulate the carrying on within its corporate limits of all occupations which are of such a nature as to affect the public health or the good order of said city, or to disturb the public peace, and which are not prohibited by law, and to provide for the punishment of all persons violating such regulations, and of all persons who knowingly permit the same to be violated in any building or upon any premises owned or controlled by them;

(34) To restrain and provide for the punishment of vagrants, mendicants, prostitutes, and other disorderly persons;

(35) To provide for the punishment of all disorderly conduct, and of all practices dangerous to public health or safety, and to make all regulations necessary for the preservation of public morality, health, peace, and good order within its limits, and to provide for the arrest, trial, and punishment of all persons charged with violating any of the ordinances of said city. The punishment shall not exceed a fine of five thousand dollars or imprisonment in the city jail for one year, or both such fine and imprisonment. The punishment for any criminal ordinance shall be the same as the punishment provided in state law for the same crime. Such cities alternatively may provide that violations of ordinances constitute a civil violation subject to monetary penalties, but no act which is a state crime may be made a civil violation;

(36) To project or extend its streets over and across any tidelands within its corporate limits, and along or across the harbor areas of such city, in such manner as will best promote the interests of commerce;

(37) To provide in their respective charters for a method to propose and adopt amendments thereto.

Sec. 2. RCW 35.23.440 and 1994 c 81 s 19 are each amended to read as follows:

The city council of each second-class city shall have power and authority:

(1) Ordinances: To make and pass all ordinances, orders, and resolutions not repugnant to the Constitution of the United States or the state of Washington, or the provisions of this title, necessary for the municipal government and management of the affairs of the city, for the execution of the powers vested in said body corporate, and for the carrying into effect of the provisions of this title.

(2) License of shows: To fix and collect a license tax, for the purposes of revenue and regulation, on theatres, melodeons, balls, concerts, dances, theatrical, circus, or other performances, and all performances where an admission fee is charged, or which may be held in any house or place where wines or liquors are sold to the participators; also all shows, billiard tables, pool tables, bowling alleys, exhibitions, or amusements.

(3) Hotels, etc., licenses: To fix and collect a license tax for the purposes of revenue and regulation on and to regulate all taverns, hotels, restaurants, banks, brokers, manufactories, livery stables, express companies and persons engaged in transmitting letters or packages, railroad, stage, and steamboat companies or owners, whose principal place of business is in such city, or who have an agency therein.

(4) Peddlers', etc., licenses: To license, for the purposes of revenue and regulation, tax, prohibit, suppress, and regulate all raffles, hawkers, peddlers, pawnbrokers, refreshment or coffee stands, booths, or sheds; and to regulate as authorized by state law all tippling houses, dram shops, saloons, bars, and barrooms.

(5) Dance houses: To prohibit or suppress, or to license and regulate all dance houses, fandango houses, or any exhibition or show of any animal or animals.

(6) License vehicles: To license for the purposes of revenue and regulation, and to tax hackney coaches, cabs, omnibuses, drays, market wagons, and all other vehicles used for hire, and to regulate their stands, and to fix the rates to be charged for the transportation of persons, baggage, and property.

(7) Hotel runners: To license or suppress runners for steamboats, taverns, or hotels.

(8) License generally: To fix and collect a license tax for the purposes of revenue and regulation, upon all occupations and trades, and all and every kind of business authorized by law not heretofore specified(~~(= PROVIDED, That)~~), However, on any business, trade, or calling not provided by law to be licensed for state and county purposes, the amount of license shall be fixed at the discretion of the city council, as they may deem the interests and good order of the city may require. A city may not require a business to be licensed based solely upon registration under or compliance with the streamlined sales and use tax agreement.

(9) Riots: To prevent and restrain any riot or riotous assemblages, disturbance of the peace, or disorderly conduct in any place, house, or street in the city.

(10) Nuisances: To declare what shall be deemed nuisances; to prevent, remove, and abate nuisances at the expense of the parties creating, causing, or committing or maintaining the same, and to levy a special assessment on the land or premises whereon the nuisance is situated to defray the cost or to reimburse the city for the cost of abating the same.

(11) Stock pound: To establish, maintain, and regulate a common pound for estrays, and to appoint a poundkeeper, who shall be paid out of the fines and fees imposed and collected of the owners of any animals impounded, and from no other source; to prevent and regulate the running at large of any and all domestic animals within the city limits or any parts thereof, and to regulate or prevent the keeping of such animals within any part of the city.

(12) Control of certain trades: To control and regulate slaughterhouses, washhouses, laundries, tanneries, forges, and offensive trades, and to provide for their exclusion or removal from the city limits, or from any part thereof.

(13) Street cleaning: To provide, by regulation, for the prevention and summary removal of all filth and garbage in streets, sloughs, alleys, back yards, or public grounds of such city, or elsewhere therein.

(14) Gambling, etc.: To prohibit and suppress all gaming and all gambling or disorderly houses, and houses of ill fame, and all immoral and indecent amusements, exhibitions, and shows.

(15) Markets: To establish and regulate markets and market places.

(16) Speed of railroad cars: To fix and regulate the speed at which any railroad cars, streetcars, automobiles, or other vehicles may run within the city limits, or any portion thereof.

(17) City commons: To provide for and regulate the commons of the city.

(18) Fast driving: To regulate or prohibit fast driving or riding in any portion of the city.

(19) Combustibles: To regulate or prohibit the loading or storage of gunpowder and combustible or explosive materials in the city, or transporting the same through its streets or over its waters.

(20) Property: To have, purchase, hold, use, and enjoy property of every name or kind whatsoever, and to sell, lease, transfer, mortgage, convey, control, or improve the same; to build, erect, or construct houses, buildings, or structures of any kind needful for the use or purposes of such city.

(21) Fire department: To establish, continue, regulate, and maintain a fire department for such city, to change or reorganize the same, and to disband any company or companies of the said department; also, to discontinue and disband said fire department, and to create, organize, establish, and maintain a paid fire department for such city.

(22) Water supply: To adopt, enter into, and carry out means for securing a supply of water for the use of such city or its inhabitants, or for irrigation purposes therein.

(23) Overflow of water: To prevent the overflow of the city or to secure its drainage, and to assess the cost thereof to the property benefited.

(24) House numbers: To provide for the numbering of houses.

(25) Health board: To establish a board of health; to prevent the introduction and spread of disease; to establish a city infirmary and to provide for the indigent sick; and to provide and enforce regulations for the protection of health, cleanliness, peace, and good order of the city; to establish and maintain hospitals within or without the city limits; to control and regulate interments and to prohibit them within the city limits.

(26) Harbors and wharves: To build, alter, improve, keep in repair, and control the waterfront; to erect, regulate, and repair wharves, and to fix the rate of wharfage and transit of wharf, and levy dues upon vessels and commodities; and to provide for the regulation of berths, landing, stationing, and removing steamboats, sail vessels, rafts, barges, and all other watercraft; to fix the rate of speed at which steamboats and other steam watercraft may run along the waterfront of the city; to build bridges so as not to interfere with navigation; to provide for the removal of obstructions to the navigation of any channel or watercourses or channels.

(27) License of steamers: To license steamers, boats, and vessels used in any watercourse in the city, and to fix and collect a license tax thereon.

(28) Ferry licenses: To license ferries and toll bridges under the law regulating the granting of such license.

(29) Penalty for violation of ordinances: To provide that violations of ordinances with the punishment for any offense not exceeding a fine of five thousand dollars or imprisonment for more than one year, or both fine and imprisonment, but the punishment for any criminal ordinance shall be the same as the punishment provided in state law for the same crime. Alternatively, such a city may provide that a violation of an ordinance constitutes a civil violation

subject to monetary penalties or to determine and impose fines for forfeitures and penalties, but no act which is a state crime may be made a civil violation. A violation of an order, regulation, or ordinance relating to traffic including parking, standing, stopping, and pedestrian offenses is a traffic infraction, except that violation of an order, regulation, or ordinance equivalent to those provisions of Title 46 RCW set forth in RCW 46.63.020 remains a misdemeanor.

(30) Police department: To create and establish a city police; to prescribe their duties and their compensation; and to provide for the regulation and government of the same.

(31) Examine official accounts: To examine, either in open session or by committee, the accounts or doings of all officers or other persons having the care, management, or disposition of moneys, property, or business of the city.

(32) Contracts: To make all appropriations, contracts, or agreements for the use or benefit of the city and in the city's name.

(33) Streets and sidewalks: To provide by ordinance for the opening, laying out, altering, extending, repairing, grading, paving, planking, graveling, macadamizing, or otherwise improving of public streets, avenues, and other public ways, or any portion of any thereof; and for the construction, regulation, and repair of sidewalks and other street improvements, all at the expense of the property to be benefited thereby, without any recourse, in any event, upon the city for any portion of the expense of such work, or any delinquency of the property holders or owners, and to provide for the forced sale thereof for such purposes; to establish a uniform grade for streets, avenues, sidewalks, and squares, and to enforce the observance thereof.

(34) Waterways: To clear, cleanse, alter, straighten, widen, fill up, or close any waterway, drain, or sewer, or any watercourse in such city when not declared by law to be navigable, and to assess the expense thereof, in whole or in part, to the property specially benefited.

(35) Sewerage: To adopt, provide for, establish, and maintain a general system of sewerage, draining, or both, and the regulation thereof; to provide funds by local assessments on the property benefited for the purpose aforesaid and to determine the manner, terms, and place of connection with main or central lines of pipes, sewers, or drains established, and compel compliance with and conformity to such general system of sewerage or drainage, or both, and the regulations of said council thereto relating, by the infliction of suitable penalties and forfeitures against persons and property, or either, for nonconformity to, or failure to comply with the provisions of such system and regulations or either.

(36) Buildings and parks: To provide for all public buildings, public parks, or squares, necessary or proper for the use of the city.

(37) Franchises: To permit the use of the streets for railroad or other public service purposes.

(38) Payment of judgments: To order paid any final judgment against such city, but none of its lands or property of any kind or nature, taxes, revenue, franchise, or rights, or interest, shall be attached, levied upon, or sold in or under any process whatsoever.

(39) Weighing of fuel: To regulate the sale of coal and wood in such city, and may appoint a measurer of wood and weigher of coal for the city, and define his duties, and may prescribe his term of office, and the fees he shall receive for

his services: PROVIDED, That such fees shall in all cases be paid by the parties requiring such service.

(40) Hospitals, etc.: To erect and establish hospitals and pesthouses and to control and regulate the same.

(41) Waterworks: To provide for the erection, purchase, or otherwise acquiring of waterworks within or without the corporate limits of the city to supply such city and its inhabitants with water, and to regulate and control the use and price of the water so supplied.

(42) City lights: To provide for lighting the streets and all public places of the city and for furnishing the inhabitants of the city with gas, electric, or other light, and for the ownership, purchase or acquisition, construction, or maintenance of such works as may be necessary or convenient therefor: PROVIDED, That no purchase of any such water plant or light plant shall be made without first submitting the question of such purchase to the electors of the city.

(43) Parks: To acquire by purchase or otherwise land for public parks, within or without the limits of the city, and to improve the same.

(44) Bridges: To construct and keep in repair bridges, and to regulate the use thereof.

(45) Power of eminent domain: In the name of and for the use and benefit of the city, to exercise the right of eminent domain, and to condemn lands and property for the purposes of streets, alleys, parks, public grounds, waterworks, or for any other municipal purpose and to acquire by purchase or otherwise such lands and property as may be deemed necessary for any of the corporate uses provided for by this title, as the interests of the city may from time to time require.

(46) To provide for the assessment of taxes: To provide for the assessment, levying, and collecting of taxes on real and personal property for the corporate uses and purposes of the city and to provide for the payment of the debts and expenses of the corporation.

(47) Local improvements: To provide for making local improvements, and to levy and collect special assessments on the property benefited thereby and for paying the same or any portion thereof; to determine what work shall be done or improvements made, at the expense, in whole or in part, of the adjoining, contiguous, or proximate property, and to provide for the manner of making and collecting assessments therefor.

(48) Cemeteries: To regulate the burial of the dead and to establish and regulate cemeteries, within or without the corporate limits, and to acquire lands therefor by purchase or otherwise.

(49) Fire limits: To establish fire limits with proper regulations and to make all needful regulations for the erection and maintenance of buildings or other structures within the corporate limits as safety of persons or property may require, and to cause all such buildings and places as may from any cause be in a dangerous state to be put in a safe condition; to regulate the manner in which stone, brick, and other buildings, party walls, and partition fences shall be constructed and maintained.

(50) Safety and sanitary measures: To require the owners of public halls, theaters, hotels, and other buildings to provide suitable means of exit and proper fire escapes; to provide for the cleaning and purification of watercourses and

canals and for the draining and filling up of ponds on private property within its limits when the same shall be offensive to the senses or dangerous to the health, and to charge the expense thereof to the property specially benefited, and to regulate and control and provide for the prevention and punishment of the defilement or pollution of all streams running in or through its corporate limits and a distance of five miles beyond its corporate limits, and of any stream or lake from which the water supply of the city is or may be taken and for a distance of five miles beyond its source of supply, and to make all quarantine and other regulations as may be necessary for the preservation of the public health and to remove all persons afflicted with any contagious disease to some suitable place to be provided for that purpose.

(51) To regulate liquor traffic: To regulate the selling or giving away of intoxicating, spirituous, malt, vinous, mixed, or fermented liquors as authorized by the general laws of the state.

(52) To establish streets on tidelands: To project or extend or establish streets over and across any tidelands within the limits of such city.

(53) To provide for the general welfare.

Sec. 3. RCW 35.27.370 and 1993 c 83 s 7 are each amended to read as follows:

The council of said town shall have power:

(1) To pass ordinances not in conflict with the Constitution and laws of this state, or of the United States;

(2) To purchase, lease or receive such real estate and personal property as may be necessary or proper for municipal purposes, and to control, dispose of and convey the same for the benefit of the town; to acquire, own, and hold real estate for cemetery purposes either within or without the corporate limits, to sell and dispose of such real estate, to plat or replat such real estate into cemetery lots and to sell and dispose of any and all lots therein, and to operate, improve and maintain the same as a cemetery;

(3) To contract for supplying the town with water for municipal purposes, or to acquire, construct, repair and manage pumps, aqueducts, reservoirs, or other works necessary or proper for supplying water for use of such town or its inhabitants, or for irrigating purposes therein;

(4) To establish, build and repair bridges, to establish, lay out, alter, widen, extend, keep open, improve, and repair streets, sidewalks, alleys, squares and other public highways and places within the town, and to drain, sprinkle and light the same; to remove all obstructions therefrom; to establish the grades thereof; to grade, pave, plank, macadamize, gravel and curb the same, in whole or in part, and to construct gutters, culverts, sidewalks and crosswalks therein, or on any part thereof; to cause to be planted, set out and cultivated trees therein, and generally to manage and control all such highways and places;

(5) To establish, construct and maintain drains and sewers, and shall have power to compel all property owners on streets along which sewers are constructed to make proper connections therewith, and to use the same for proper purposes when such property is improved by the erection thereon of a building or buildings; and in case the owners of such improved property on such streets shall fail to make such connections within the time fixed by such council, they may cause such connections to be made, and to assess against the property in front of which such connections are made the costs and expenses thereof;

(6) To provide fire engines and all other necessary or proper apparatus for the prevention and extinguishment of fires;

(7) To impose and collect an annual license on every dog within the limits of the town, to prohibit dogs running at large, and to provide for the killing of all dogs found at large and not duly licensed;

(8) To levy and collect annually a property tax, for the payment of current expenses and for the payment of indebtedness (if any indebtedness exists) within the limits authorized by law;

(9) To license, for purposes of regulation and revenue, all and every kind of business, authorized by law and transacted and carried on in such town; and all shows, exhibitions and lawful games carried on therein and within one mile of the corporate limits thereof; to fix the rate of license tax upon the same, and to provide for the collection of the same, by suit or otherwise; to regulate, restrain, or prohibit the running at large of any and all domestic animals within the city limits, or any part or parts thereof, and to regulate the keeping of such animals within any part of the city; to establish, maintain and regulate a common pound for estrays, and to appoint a poundkeeper, who shall be paid out of the fines and fees imposed on, and collected from, the owners of any impounded stock. A city may not require a business to be licensed based solely upon registration under or compliance with the streamlined sales and use tax agreement;

(10) To improve the rivers and streams flowing through such town or adjoining the same; to widen, straighten and deepen the channels thereof, and to remove obstructions therefrom; to prevent the pollution of streams or water running through such town, and for this purpose shall have jurisdiction for two miles in either direction; to improve the waterfront of the town, and to construct and maintain embankments and other works to protect such town from overflow;

(11) To erect and maintain buildings for municipal purposes;

(12) To grant franchises or permits to use and occupy the surface, the overhead and the underground of streets, alleys and other public ways, under such terms and conditions as it shall deem fit, for any and all purposes, including but not being limited to the construction, maintenance and operation of railroads, street railways, transportation systems, water, gas and steam systems, telephone and telegraph systems, electric lines, signal systems, surface, aerial and underground tramways;

(13) To punish the keepers and inmates and lessors of houses of ill fame, and keepers and lessors of gambling houses and rooms and other places where gambling is carried on or permitted, gamblers and keepers of gambling tables;

(14) To impose fines, penalties and forfeitures for any and all violations of ordinances, and for any breach or violation of any ordinance, to fix the penalty by fine or imprisonment, or both; but no such fine shall exceed five thousand dollars, nor the term of imprisonment exceed one year, except that the punishment for any criminal ordinance shall be the same as the punishment provided in state law for the same crime; or to provide that violations of ordinances constitute a civil violation subject to a monetary penalty, but no act which is a state crime may be made a civil violation;

(15) To operate ambulance service which may serve the town and surrounding rural areas and, in the discretion of the council, to make a charge for such service;

(16) To make all such ordinances, bylaws, rules, regulations and resolutions not inconsistent with the Constitution and laws of the state of Washington, as may be deemed expedient to maintain the peace, good government and welfare of the town and its trade, commerce and manufacturers, and to do and perform any and all other acts and things necessary or proper to carry out the provisions of this chapter.

Sec. 4. RCW 35.102.050 and 2003 c 79 s 5 are each amended to read as follows:

A city may not impose a business and occupation tax on a person unless that person has nexus with the city. For the purposes of this section, the term "nexus" means business activities conducted by a person sufficient to subject that person to the taxing jurisdiction of a city under the standards established for interstate commerce under the commerce clause of the United States Constitution. Mere registration under or compliance with the streamlined sales and use tax agreement does not constitute nexus for the purposes of this section.

NEW SECTION. **Sec. 5.** A new section is added to chapter 35A.21 RCW to read as follows:

A code city may not require a business to be licensed based solely upon registration under or compliance with the streamlined sales and use tax agreement.

Passed by the House February 14, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 130

[Second Substitute House Bill 3274]

PORT DISTRICTS—PUBLIC CONTRACTING

AN ACT Relating to improving public contracting for public port districts; amending RCW 53.08.120, 39.30.020, 39.04.010, and 53.12.270; reenacting and amending RCW 39.04.155; adding new sections to chapter 53.08 RCW; adding a new chapter to Title 53 RCW; creating a new section; prescribing penalties; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 53.08.120 and 2000 c 138 s 210 are each amended to read as follows:

(1) All material and work required by a port district not meeting the definition of public work in RCW 39.04.010(4) may be procured in the open market or by contract and all work ordered may be done by contract or day labor.

(2)(a) All such contracts for work meeting the definition of "public work" in RCW 39.04.010(4), the estimated cost of which exceeds two hundred thousand dollars, shall be awarded using a competitive bid process. The contract must be ~~((let))~~ awarded at public bidding upon notice published in a newspaper of general circulation in the district at least thirteen days before the last date upon which bids will be received, calling for ~~((sealed))~~ bids upon the work, plans and specifications for which shall then be on file in the office of the commission for public inspection. The same notice may call for bids on such work or material based upon plans and specifications submitted by the bidder. The competitive

bidding requirements for purchases or public works may be waived pursuant to RCW 39.04.280 if an exemption contained within that section applies to the purchase or public work.

~~((However))~~ (b) For all contracts related to work meeting the definition of "public work" in RCW 39.04.010(4) that are estimated at two hundred thousand dollars or less, a port district may let contracts using the small works roster process under RCW 39.04.155 in lieu of ~~((calling))~~ advertising for ~~((sealed))~~ bids. Whenever possible, the managing official shall invite at least one proposal from a minority contractor who shall otherwise qualify under this section.

When awarding such a contract for work, when utilizing proposals from the small works roster, the managing official shall give weight to the contractor submitting the lowest and best proposal, and whenever it would not violate the public interest, such contracts shall be distributed equally among contractors, including minority contractors, on the small works roster.

Sec. 2. RCW 39.30.020 and 1974 ex.s. c 74 s 1 are each amended to read as follows:

In addition to any other remedies or penalties contained in any law, municipal charter, ordinance, resolution or other enactment, any municipal officer by or through whom or under whose supervision, in whole or in part, any contract is made in ~~((willful))~~ willful and intentional violation of any law, municipal charter, ordinance, resolution or other enactment requiring competitive bidding or procurement procedures for consulting, architectural, engineering, or other services, upon such contract shall be held liable to a civil penalty of not less than three hundred dollars and may be held liable, jointly and severally with any other such municipal officer, for all consequential damages to the municipal corporation. If, as a result of a criminal action, the violation is found to have been intentional, the municipal officer shall immediately forfeit his or her office. For purposes of this section, "municipal officer" ~~((shall))~~ means an "officer" or "municipal officer" as those terms are defined in RCW 42.23.020(2).

NEW SECTION. **Sec. 3.** A new section is added to chapter 53.08 RCW to read as follows:

By January 1, 2010, each port with more than ten million dollars in annual gross revenues, excluding grant and loan funds, shall maintain a database on a public web site of all contracts, including public works and personal services. At a minimum, the database shall identify the contractor, the purpose of the contract, effective dates and periods of performance, the cost of the contract and funding source, any modifications to the contract, and whether the contract was competitively procured or awarded on a sole source basis.

NEW SECTION. **Sec. 4.** A new section is added to chapter 53.08 RCW to read as follows:

(1) If a port district purchases property for a facility outside the port's jurisdiction, the port district or districts with responsibility for the future property development and use must prepare and implement a communication plan within sixty days after contracting with a site planning consultant. The communication plan must be reasonably calculated to provide property owners and other affected and interested individuals information for review and

comment. The plan shall be made available through the planning and predesign phase. The communication plan shall include information about:

- (a) The type and scale of proposed uses on the site;
- (b) The type and scale of business and industrial activities that the development is likely to later attract to the site and to the nearby area;
- (c) The general character and scope of potential impacts on air and water quality, noise, and local and state transportation infrastructure, including state highways, local roads, rail, and shipping.

(2) Information included in the communication plan under subsection (1) of this section may be made available by means of web pages, office inspection and copying of materials, one or more property tours, and public meetings that allow interested citizens to comment to port officials on several occasions over time as the development plans evolve.

(3) Environmental mitigation, habitat restoration, and dredged material disposal projects are exempt from the requirements of this section.

NEW SECTION. Sec. 5. The legislature hereby establishes a policy of open competition for all personal service contracts entered into by port districts unless specifically exempted under this chapter. It is further the intent to provide differentiation between the competitive procurement procedures for personal and professional services contracts.

NEW SECTION. Sec. 6. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Commission" means the elected oversight body of an individual port.

(2) "Competitive solicitation" means a documented formal process providing an equal and open opportunity to qualified parties and culminating in a selection based on criteria, in which criteria other than price may be the primary basis for consideration. The criteria may include such factors as the consultant's fees or costs, ability, capacity, experience, reputation, responsiveness to time limitations, responsiveness to solicitation requirements, quality of previous performance, and compliance with statutes and rules relating to contracts or services.

(3) "Consultant" means an independent individual or firm contracting with a port to perform a service or render an opinion or recommendation according to the consultant's methods and without being subject to the control of the port except as to the result of the work. The port monitors progress under the contract and authorizes payment.

(4) "Emergency" means a set of unforeseen circumstances beyond the control of the port that either:

(a) Present a real, immediate threat to the proper performance of essential functions; or

(b) May result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken.

(5) "Evidence of competition" means documentation demonstrating that the port has solicited responses from multiple firms in selecting a consultant.

(6) "Personal service" means professional or technical expertise provided by a consultant to accomplish a specific study, project, task, or other work statement which may not reasonably be required in connection with a public works project meeting the definition in RCW 39.04.010(4). "Personal service" does not

include purchased services as defined under subsection (8) of this section or professional services procured using the competitive selection requirements in chapter 39.80 RCW.

(7) "Personal service contract" means an agreement, or any amendment thereto, with a consultant for the rendering of personal services to the port.

(8) "Purchased services" means services provided by a vendor to accomplish routine, continuing, and necessary functions. "Purchased services" includes, but is not limited to, services for equipment maintenance and repair; operation of a physical plant; security; computer hardware and software maintenance; data entry; key punch services; and computer time-sharing, contract programming, and analysis.

(9) "Sole source" means a consultant providing professional or technical expertise of such a unique nature that the consultant is clearly and justifiably the only practicable source to provide the service. The justification shall be based on the uniqueness of the service, sole availability at the location required, or warranty or defect correction service obligations of the consultant.

NEW SECTION. Sec. 7. All personal service contracts shall be entered into pursuant to competitive solicitation, except for:

- (1) Emergency contracts;
- (2) Sole source contracts;
- (3) Contract amendments;

(4) Contracts between a consultant and a port of less than fifty thousand dollars. However, contracts of fifty thousand dollars or greater but less than two hundred thousand dollars shall have documented evidence of competition. Ports shall not structure contracts to evade these requirements; and

(5) Other specific contracts or classes or groups of contracts exempted from the competitive solicitation process by the commission when it has been determined that a competitive solicitation process is not appropriate or cost-effective.

NEW SECTION. Sec. 8. Emergency contracts shall be filed with the commission and made available for public inspection within seven working days following the commencement of work or execution of the contract, whichever occurs first. Documented justification for emergency contracts shall be provided to the commission when the contract is filed.

NEW SECTION. Sec. 9. (1) Sole source contracts shall be filed with the commission and made available for public inspection prior to the proposed starting date of the contract. Documented justification for sole source contracts shall be provided to the commission when the contract is filed. For sole source contracts of fifty thousand dollars or more, documented justification shall include evidence that the port attempted to identify potential consultants.

(2) The commission shall ensure that the costs, fees, or rates negotiated in filed sole source contracts of fifty thousand dollars or more are reasonable.

NEW SECTION. Sec. 10. A port commissioner or employee shall not expend any funds for personal service contracts subject to this chapter unless the port has complied with the competitive procurement and other requirements of this chapter. The port commissioner or employee executing the personal service contracts is responsible for compliance with the requirements of this chapter. Willful and intentional failure to comply with the requirements of this chapter

subjects the port commissioner or employee to a civil penalty in the amount of three hundred dollars. A consultant who knowingly violates this chapter in seeking or performing work under a personal services contract is subject to a civil penalty of three hundred dollars or twenty-five percent of the amount of the contract, whichever is greater. The state auditor is responsible for auditing violations of this chapter through its regular financial and accountability audits. The attorney general is responsible for prosecuting violations of this chapter.

NEW SECTION. Sec. 11. (1) Substantial changes in the scope of work specified in the contract or which are substantial additions to the scope of work specified in the formal solicitation document shall be submitted to the commission for a determination as to whether the change warrants the work to be awarded as a new contract.

(2) An amendment or amendments to personal service contracts, if the value of the amendment or amendments, whether singly or cumulatively, exceeds fifty percent of the value of the original contract must be filed with the commission and made available for public inspection prior to the proposed starting date of services under the amendments.

NEW SECTION. Sec. 12. This chapter does not apply to:

- (1) Contracts specifying a fee of less than fifty thousand dollars;
- (2) Contracts awarded to companies that furnish a service where the tariff is established by the utilities and transportation commission or other public entity;
- (3) Intergovernmental agreements awarded to any governmental entity, whether federal, state, or local and any department, division, or subdivision thereof;
- (4) Contracts awarded for services to be performed for a standard fee, when the standard fee is established by the contracting agency or any other governmental entity and a like contract is available to all qualified applicants;
- (5) Contracts for services that are necessary to the conduct of collaborative research if prior approval is granted by the funding source;
- (6) Contracts for professional services which are entered into under chapter 39.80 RCW; and
- (7) Contracts for the employment of expert witnesses for the purposes of litigation or legal services to supplement the expertise of port staff.

NEW SECTION. Sec. 13. (1) The municipal research services center, in cooperation with the Washington public ports association, shall develop guidelines for the effective and efficient management of personal service contracts by all ports. The guidelines must, at a minimum, include:

- (a) Accounting methods, systems, measures, and principles to be used by ports and consultants;
- (b) Precontract procedures for selecting potential consultants based on their qualifications and ability to perform;
- (c) Incorporation of performance measures and measurable benchmarks in contracts, and the use of performance audits;
- (d) Uniform contract terms to ensure contract performance and compliance with port, state, and federal standards;
- (e) Proper payment and reimbursement methods to ensure that the port receives full value for taxpayer moneys, including cost settlements and cost allowance;

- (f) Postcontract procedures, including methods for recovering improperly spent or overspent moneys for disallowance and adjustment;
 - (g) Adequate contract remedies and sanctions to ensure compliance;
 - (h) Monitoring, fund tracking, risk assessment, and auditing procedures and requirements;
 - (i) Financial reporting, record retention, and record access procedures and requirements;
 - (j) Procedures and criteria for terminating contracts for cause or otherwise;
- and

(k) Any other subject related to effective and efficient contract management.

(2) The municipal research services center shall submit a status report on the guidelines required by subsection (1) of this section to the governor and the appropriate standing committees of the legislature no later than December 1, 2008.

(3) The Washington public ports association shall publish a guidebook for use by ports containing the guidelines developed under subsection (1) of this section.

(4) The municipal research services center and the Washington public ports association shall each make the guidelines available on their web sites.

NEW SECTION. Sec. 14. (1) A port entering into or amending personal service contracts shall follow the policies adopted by the commission, which shall be based on guidelines developed pursuant to section 13 of this act.

(2) This section applies to ports entering into or renewing contracts after January 1, 2010.

NEW SECTION. Sec. 15. The Washington public ports association shall provide a training course for port personnel responsible for executing and managing personal service contracts. The course must contain training on effective and efficient contract management under the guidelines established under section 13 of this act. Port districts shall require port employees responsible for executing or managing personal service contracts to complete the training course to the satisfaction of the commission.

Sec. 16. RCW 39.04.010 and 2007 c 133 s 1 are each amended to read as follows:

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

(1) "Award" means the formal decision by the state or municipality notifying a responsible bidder with the lowest responsive bid of the ~~((state))~~ state's or municipality's acceptance of the bid and intent to enter into a contract with the bidder.

(2) "Contract" means a contract in writing for the execution of public work for a fixed or determinable amount duly awarded after advertisement and competitive bid, or a contract awarded under the small works roster process in RCW 39.04.155.

(3) "Municipality" means every city, county, town, port district, district, or other public agency authorized by law to require the execution of public work, except drainage districts, diking districts, diking and drainage improvement districts, drainage improvement districts, diking improvement districts, consolidated diking and drainage improvement districts, consolidated drainage

improvement districts, consolidated diking improvement districts, irrigation districts, or other districts authorized by law for the reclamation or development of waste or undeveloped lands.

(4) "Public work" means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property therein. All public works, including maintenance when performed by contract shall comply with chapter 39.12 RCW. "Public work" does not include work, construction, alteration, repair, or improvement performed under contracts entered into under RCW 36.102.060(4) or under development agreements entered into under RCW 36.102.060(7) or leases entered into under RCW 36.102.060(8).

(5) "Responsible bidder" means a contractor who meets the criteria in RCW 39.04.350.

(6) "State" means the state of Washington and all departments, supervisors, commissioners, and agencies of the state.

Sec. 17. RCW 39.04.155 and 2007 c 218 s 87, 2007 c 210 s 1, and 2007 c 133 s 4 are each reenacted and amended to read as follows:

(1) This section provides uniform small works roster provisions to award contracts for construction, building, renovation, remodeling, alteration, repair, or improvement of real property that may be used by state agencies and by any local government that is expressly authorized to use these provisions. These provisions may be used in lieu of other procedures to award contracts for such work with an estimated cost of two hundred thousand dollars or less. The small works roster process includes the limited public works process authorized under subsection (3) of this section and any local government authorized to award contracts using the small works roster process under this section may award contracts using the limited public works process under subsection (3) of this section.

(2)(a) A state agency or authorized local government may create a single general small works roster, or may create a small works roster for different specialties or categories of anticipated work. Where applicable, small works rosters may make distinctions between contractors based upon different geographic areas served by the contractor. The small works roster or rosters shall consist of all responsible contractors who have requested to be on the list, and where required by law are properly licensed or registered to perform such work in this state. A state agency or local government establishing a small works roster or rosters may require eligible contractors desiring to be placed on a roster or rosters to keep current records of any applicable licenses, certifications, registrations, bonding, insurance, or other appropriate matters on file with the state agency or local government as a condition of being placed on a roster or rosters. At least once a year, the state agency or local government shall publish in a newspaper of general circulation within the jurisdiction a notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. In addition, responsible contractors shall be added to an appropriate roster or rosters at any time they submit a written request and necessary records. Master contracts may be required to be signed that become effective when a specific award is made using a small works roster.

(b) A state agency establishing a small works roster or rosters shall adopt rules implementing this subsection. A local government establishing a small works roster or rosters shall adopt an ordinance or resolution implementing this subsection. Procedures included in rules adopted by the department of general administration in implementing this subsection must be included in any rules providing for a small works roster or rosters that is adopted by another state agency, if the authority for that state agency to engage in these activities has been delegated to it by the department of general administration under chapter 43.19 RCW. An interlocal contract or agreement between two or more state agencies or local governments establishing a small works roster or rosters to be used by the parties to the agreement or contract must clearly identify the lead entity that is responsible for implementing the provisions of this subsection.

(c) Procedures shall be established for securing telephone, written, or electronic quotations from contractors on the appropriate small works roster to assure that a competitive price is established and to award contracts to the lowest responsible bidder, as defined in RCW 39.04.010. Invitations for quotations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation. This subsection does not eliminate other requirements for architectural or engineering approvals as to quality and compliance with building codes. Quotations may be invited from all appropriate contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster. However, if the estimated cost of the work is from one hundred thousand dollars to two hundred thousand dollars, a state agency or local government (~~(- other than a port district,)~~) that chooses to solicit bids from less than all the appropriate contractors on the appropriate small works roster must also notify the remaining contractors on the appropriate small works roster that quotations on the work are being sought. The government has the sole option of determining whether this notice to the remaining contractors is made by: (i) Publishing notice in a legal newspaper in general circulation in the area where the work is to be done; (ii) mailing a notice to these contractors; or (iii) sending a notice to these contractors by facsimile or other electronic means. For purposes of this subsection (2)(c), "equitably distribute" means that a state agency or local government soliciting bids may not favor certain contractors on the appropriate small works roster over other contractors on the appropriate small works roster who perform similar services.

(d) A contract awarded from a small works roster under this section need not be advertised.

(e) Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone inquiry.

(3) In lieu of awarding contracts under subsection (2) of this section, a state agency or authorized local government may award a contract for work, construction, alteration, repair, or improvement projects estimated to cost less than thirty-five thousand dollars using the limited public works process provided under this subsection. Public works projects awarded under this subsection are exempt from the other requirements of the small works roster process provided

under subsection (2) of this section and are exempt from the requirement that contracts be awarded after advertisement as provided under RCW 39.04.010.

For limited public works projects, a state agency or authorized local government shall solicit electronic or written quotations from a minimum of three contractors from the appropriate small works roster and shall award the contract to the lowest responsible bidder as defined under RCW 39.04.010. After an award is made, the quotations shall be open to public inspection and available by electronic request. A state agency or authorized local government shall attempt to distribute opportunities for limited public works projects equitably among contractors willing to perform in the geographic area of the work. A state agency or authorized local government shall maintain a list of the contractors contacted and the contracts awarded during the previous twenty-four months under the limited public works process, including the name of the contractor, the contractor's registration number, the amount of the contract, a brief description of the type of work performed, and the date the contract was awarded. For limited public works projects, a state agency or authorized local government may waive the payment and performance bond requirements of chapter 39.08 RCW and the retainage requirements of chapter 60.28 RCW, thereby assuming the liability for the contractor's nonpayment of laborers, mechanics, subcontractors, materialpersons, suppliers, and taxes imposed under Title 82 RCW that may be due from the contractor for the limited public works project, however the state agency or authorized local government shall have the right of recovery against the contractor for any payments made on the contractor's behalf.

(4) The breaking of any project into units or accomplishing any projects by phases is prohibited if it is done for the purpose of avoiding the maximum dollar amount of a contract that may be let using the small works roster process or limited public works process.

(5)(a) A state agency or authorized local government may use the limited public works process of subsection (3) of this section to solicit and award small works roster contracts to small businesses that are registered contractors with gross revenues under one million dollars annually as reported on their federal tax return.

(b) A state agency or authorized local government may adopt additional procedures to encourage small businesses that are registered contractors with gross revenues under two hundred fifty thousand dollars annually as reported on their federal tax returns to submit quotations or bids on small works roster contracts.

(6) As used in this section, "state agency" means the department of general administration, the state parks and recreation commission, the department of natural resources, the department of fish and wildlife, the department of transportation, any institution of higher education as defined under RCW 28B.10.016, and any other state agency delegated authority by the department of general administration to engage in construction, building, renovation, remodeling, alteration, improvement, or repair activities.

Sec. 18. RCW 53.12.270 and 1975 1st ex.s. c 12 s 1 are each amended to read as follows:

(1) The commission may delegate to the managing official of a port district such administrative powers and duties of the commission as it may deem proper

for the efficient and proper management of port district operations. Any such delegation shall be authorized by appropriate resolution of the commission, which resolution must also establish guidelines and procedures for the managing official to follow.

(2) The commission shall establish, by resolution, policies to comply with RCW 39.04.280 that set forth the conditions by which competitive bidding requirements for public works contracts may be waived.

NEW SECTION. Sec. 19. Sections 5 through 15 of this act constitute a new chapter in Title 53 RCW.

NEW SECTION. Sec. 20. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 131

[Substitute Senate Bill 6195]

RURAL COUNTY—DEFINITION

AN ACT Relating to the definition of rural county for economic development purposes; amending RCW 43.160.020, 43.168.020, 43.330.086, and 82.16.0491; creating a new section; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 43.160.020 and 2004 c 252 s 1 are each amended to read as follows:

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

(1) "Board" means the community economic revitalization board.

(2) "Bond" means any bond, note, debenture, interim certificate, or other evidence of financial indebtedness issued by the board pursuant to this chapter.

(3) "Department" means the department of community, trade, and economic development.

(4) "Financial institution" means any bank, savings and loan association, credit union, development credit corporation, insurance company, investment company, trust company, savings institution, or other financial institution approved by the board and maintaining an office in the state.

(5) "Industrial development facilities" means "industrial development facilities" as defined in RCW 39.84.020.

(6) "Industrial development revenue bonds" means tax-exempt revenue bonds used to fund industrial development facilities.

(7) "Local government" or "political subdivision" means any port district, county, city, town, special purpose district, and any other municipal corporations or quasi-municipal corporations in the state providing for public facilities under this chapter.

(8) "Sponsor" means any of the following entities which customarily provide service or otherwise aid in industrial or other financing and are approved

as a sponsor by the board: A bank, trust company, savings bank, investment bank, national banking association, savings and loan association, building and loan association, credit union, insurance company, or any other financial institution, governmental agency, or holding company of any entity specified in this subsection.

(9) "Umbrella bonds" means industrial development revenue bonds from which the proceeds are loaned, transferred, or otherwise made available to two or more users under this chapter.

(10) "User" means one or more persons acting as lessee, purchaser, mortgagor, or borrower under a financing document and receiving or applying to receive revenues from bonds issued under this chapter.

(11) "Public facilities" means a project of a local government or a federally recognized Indian tribe for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of bridges, roads, domestic and industrial water, earth stabilization, sanitary sewer, storm sewer, railroad, electricity, telecommunications, transportation, natural gas, buildings or structures, and port facilities, all for the purpose of job creation, job retention, or job expansion.

(12) "Rural county" (~~means a county with a population density of fewer than one hundred persons per square mile as determined by the office of financial management~~) has the same meaning as provided in RCW 82.14.370.

(13) "Rural natural resources impact area" means:

(a) A nonmetropolitan county, as defined by the 1990 decennial census, that meets three of the five criteria set forth in subsection (14) of this section;

(b) A nonmetropolitan county with a population of less than forty thousand in the 1990 decennial census, that meets two of the five criteria as set forth in subsection (14) of this section; or

(c) A nonurbanized area, as defined by the 1990 decennial census, that is located in a metropolitan county that meets three of the five criteria set forth in subsection (14) of this section.

(14) For the purposes of designating rural natural resources impact areas, the following criteria shall be considered:

(a) A lumber and wood products employment location quotient at or above the state average;

(b) A commercial salmon fishing employment location quotient at or above the state average;

(c) Projected or actual direct lumber and wood products job losses of one hundred positions or more;

(d) Projected or actual direct commercial salmon fishing job losses of one hundred positions or more; and

(e) An unemployment rate twenty percent or more above the state average. The counties that meet these criteria shall be determined by the employment security department for the most recent year for which data is available. For the purposes of administration of programs under this chapter, the United States post office five-digit zip code delivery areas will be used to determine residence status for eligibility purposes. For the purpose of this definition, a zip code delivery area of which any part is ten miles or more from an urbanized area is considered nonurbanized. A zip code totally surrounded by zip codes qualifying as nonurbanized under this definition is also considered nonurbanized. The

office of financial management shall make available a zip code listing of the areas to all agencies and organizations providing services under this chapter.

Sec. 2. RCW 43.168.020 and 2005 c 136 s 3 are each amended to read as follows:

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

(1) "Department" means the department of community, trade, and economic development.

(2) "Director" means the director of community, trade, and economic development.

(3) "Distressed area" means: (a) A rural county; (b) a county which has an unemployment rate which is twenty percent above the state average for the immediately previous three years; (c) a county that has a median household income that is less than seventy-five percent of the state median household income for the previous three years; (d) a metropolitan statistical area, as defined by the office of federal statistical policy and standards, United States department of commerce, in which the average level of unemployment for the calendar year immediately preceding the year in which an application is filed under this chapter exceeds the average state unemployment for such calendar year by twenty percent; or (e) an area within a county, which area: (i) Is composed of contiguous census tracts; (ii) has a minimum population of five thousand persons; (iii) has at least seventy percent of its families and unrelated individuals with incomes below eighty percent of the county's median income for families and unrelated individuals; and (iv) has an unemployment rate which is at least forty percent higher than the county's unemployment rate. For purposes of this definition, "families and unrelated individuals" has the same meaning that is ascribed to that term by the federal department of housing and urban development in its regulations authorizing action grants for economic development and neighborhood revitalization projects.

(4) "Fund" means the rural Washington loan fund.

(5) "Local development organization" means a nonprofit organization which is organized to operate within an area, demonstrates a commitment to a long-standing effort for an economic development program, and makes a demonstrable effort to assist in the employment of unemployed or underemployed residents in an area.

(6) "Project" means the establishment of a new or expanded business in an area which when completed will provide employment opportunities. "Project" also means the retention of an existing business in an area which when completed will provide employment opportunities.

(7) "Rural county" (~~means a county with a population density of fewer than one hundred persons per square mile as determined by the office of financial management~~) has the same meaning as provided in RCW 82.14.370.

Sec. 3. RCW 43.330.086 and 2007 c 249 s 5 are each amended to read as follows:

To the extent that funds are specifically appropriated therefor, contracts with associate development organizations for the provision of services under RCW 43.330.080(1) shall be awarded according to the following annual schedule:

(1) For associate development associations serving urban counties, which are counties other than rural counties as defined in RCW ~~((43.160.020))~~ 82.14.370, a locally matched allocation of up to ninety cents per capita, totaling no more than three hundred thousand dollars per organization; and

(2) For associate development associations in rural counties, as defined in RCW ~~((43.160.020))~~ 82.14.370, a per county base allocation of up to forty thousand dollars and a locally matched allocation of up to ninety cents per capita.

Sec. 4. RCW 82.16.0491 and 2004 c 238 s 1 are each amended to read as follows:

(1) The following definitions apply to this section:

(a) "Qualifying project" means a project designed to achieve job creation or business retention, to add or upgrade nonelectrical infrastructure, to add or upgrade health and safety facilities, to accomplish energy and water use efficiency improvements, including renewable energy development, or to add or upgrade emergency services in any designated qualifying rural area.

(b) "Qualifying rural area" means:

(i) A rural county ~~((which on the date that a contribution is made to an electric utility rural economic development revolving fund is a county with a population density of less than one hundred persons per square mile as determined by the office of financial management))~~ as defined in RCW 82.14.370; or

(ii) Any geographic area in the state that receives electricity from a light and power business with twelve thousand or fewer customers.

(c) "Electric utility rural economic development revolving fund" means a fund devoted exclusively to funding qualifying projects in qualifying rural areas.

(d) "Local board" is (i) a board of directors with at least, but not limited to, three members representing local businesses and community groups who have been appointed by the sponsoring electric utility to oversee and direct the activities of the electric utility rural economic development revolving fund; or (ii) a board of directors of an existing associate development organization serving the qualifying rural area who have been designated by the sponsoring electrical utility to oversee and direct the activities of the electric utility rural economic development revolving fund.

(2) A light and power business shall be allowed a credit against taxes due under this chapter in an amount equal to fifty percent of contributions made in any fiscal year directly to an electric utility rural economic development revolving fund. The credit shall be taken in a form and manner as required by the department. The credit under this section shall not exceed twenty-five thousand dollars per fiscal year per light and power business. The credit may not exceed the tax that would otherwise be due under this chapter. Refunds shall not be granted in the place of credits. Expenditures not used to earn a credit in one fiscal year may not be used to earn a credit in subsequent years, except that this limitation does not apply to expenditures made between January 1, 2004, and March 31, 2004, which expenditures may be used to earn a credit through December 30, 2004.

(3) The right to earn tax credits under this section expires June 30, 2011.

(4) To qualify for the credit in subsection (2) of this section, the light and power business shall establish, or have a local board establish with the business's

contribution, an electric utility rural economic development revolving fund which is governed by a local board whose members shall reside or work in the qualifying rural area served by the light and power business. Expenditures from the electric utility rural economic development revolving fund shall be made solely on qualifying projects, and the local board shall have authority to determine all criteria and conditions for the expenditure of funds from the electric utility rural economic development revolving fund, and for the terms and conditions of repayment.

(5) Any funds repaid to the electric utility rural economic development revolving fund by recipients shall be made available for additional qualifying projects.

(6) If at any time the electric utility rural economic development revolving fund is dissolved, any moneys claimed as a tax credit under this section shall either be granted to a qualifying project or refunded to the state within two years of termination.

(7) The total amount of credits that may be used in any fiscal year shall not exceed three hundred fifty thousand dollars in any fiscal year. The department shall allow the use of earned credits on a first-come, first-served basis. Unused earned credits may be carried over to subsequent years.

(8) The following provisions apply to expenditures under subsection (2) of this section made between January 1, 2004, and March 31, 2004:

(a) Credits earned from such expenditures are not considered in computing the statewide limitation set forth in subsection (7) of this section for the period July 1, 2004, through December 31, 2004; and

(b) For the fiscal year ending June 30, 2005, the credit allowed under this section for light and power businesses making expenditures is limited to thirty-seven thousand five hundred dollars.

NEW SECTION. Sec. 5. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

NEW SECTION. Sec. 6. This act takes effect July 1, 2009.

Passed by the Senate March 10, 2008.

Passed by the House March 7, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 132

[Engrossed Substitute Senate Bill 6532]

STATE-OWNED AQUATIC LANDS—CITY MANAGEMENT

AN ACT Relating to the management of state-owned aquatic lands by cities for the purposes of operating a publicly owned marina; adding a new section to chapter 79.105 RCW; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 79.105 RCW to read as follows:

(1)(a) A city with a population between twenty thousand and twenty-five thousand on the effective date of this section and that currently operates a

publicly owned marina may enter into a reduced fee lease authorizing the city to use state-owned aquatic lands for the purpose of operating a publicly owned marina. The office of financial management's population estimate must be used to determine a city's population for purposes of this section. The lease period may not exceed twenty years.

(b) No rent is due the state for the use of state-owned aquatic lands for the first ten years under such a lease. During subsequent years under such a lease, rent is due for only those lands that have been included under a previous aquatic land lease for the marina. The lease may not be renewed, extended, or put into holdover.

(2) A city choosing to enter into a lease as provided in subsection (1) of this section must do so within one year of the effective date of this section. Prior to entering into such a lease, the city must be in good standing with the department and must have paid all amounts owed the department including any accrued interest.

(3) State-owned aquatic lands that may be included in the lease are limited only to those lands included in the most recent expired lease with the city for the marina, along with any state-owned aquatic lands immediately adjacent to those lands. Only those marina operations conducted directly by the city may be included within the leased area.

(4) If a city chooses to enter into an agreement as provided in subsection (1) of this section, the city is not eligible to apply for grants from the aquatic lands enhancement account created under RCW 79.105.150 for the first ten years of the lease.

(5) Upon expiration of the twenty-year lease, the city may enter into a new lease for the use of state-owned aquatic lands or vacate the lands as agreed to in the expiring lease. To ensure the consistent state-wide application of aquatic land management principles, the new lease must be completed in accordance with all applicable sections of this title.

(6) This section expires July 1, 2029.

Passed by the Senate February 15, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 133

[Substitute Senate Bill 6805]

FARM AND FOREST LAND PRESERVATION AND RESTORATION

AN ACT Relating to promoting farm and forest land preservation and environmental restoration through conservation markets; creating new sections; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

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

(a) Farmers and small forest landowners should be encouraged through the use of incentives to conserve and restore natural areas on their farms and small tree farming operations in ways that improve the long-term viability of these operations by providing ongoing revenue to these operations without taking

whole farms or significant amounts of farmland or small tree farming operations out of production;

(b) Farmers and small forest landowners have the ability to produce restoration products as well as implement conservation practices on their productive agricultural lands and small tree farms in a way that is likely to be useful to fulfill the mitigation, compliance, and other environmental needs of public agencies such as the Washington state department of transportation, and to meet other market demands such as the availability of feed or conditions for overwintering of migratory waterfowl or for conserving and enhancing fish and wildlife habitat;

(c) Family farmers and family-owned small tree farming operations currently produce environmental benefits that would cost millions of dollars to replace with man-made infrastructure. Among these benefits are water filtration, floodwater dispersal, fish and wildlife habitat, open spaces, and scenic views;

(d) Other communities in the United States have established conservation markets in which landowners are paid to produce such restoration products; and

(e) The use of such markets could provide much needed income to sustain the viability of Washington farmers and small forest landowners, meet mitigation and compliance needs, accelerate permitting of public infrastructure, and provide environmental benefits.

(2) Therefore, the legislature finds that it is good public policy to evaluate the feasibility and potential effectiveness of conservation markets in Washington state that provide dual benefits of improving the viability of agriculture and providing environmental or fish and wildlife benefits.

NEW SECTION. Sec. 2. (1) Subject to the availability of amounts appropriated for this purpose, the commission shall conduct a study to evaluate the feasibility and desirability of establishing farm-based or forest-based conservation markets in Washington. The commission may enter into a contract with an entity that has the knowledge and experience of agriculture and of conservation markets for this effort. The commission, entity, or both shall:

(a) Evaluate other conservation markets in operation in the United States that provide ongoing revenue to improve the long-term viability of family farms and small forestry operations, including those focused on water quality trading, endangered species conservation banking, rental of environmental benefits, and wetland banking, to determine relevant lessons for Washington conservation markets;

(b) Collaborate with Washington farm organizations, small forestry landowner organizations, key farm community leaders, agricultural special purpose districts, local governments, and relevant natural resource agencies to:

(i) Determine interests, needs, and concerns about participating in a conservation market;

(ii) Assess the market-ready environmental maintenance, restoration, and enhancement products that could profitably and dependably be produced on farms and small forestry operations, including endangered species habitat, wetlands, water quality treatment, carbon sequestration, biodiversity, and other fish and wildlife habitat; and

(iii) Identify opportunities for conservation markets that could provide ongoing revenue to improve the long-term viability of family farming and small forestry operations and could supplement existing conservation programs

currently used by landowners, such as the conservation reserve enhancement program, and increased use of the public benefit rating system;

(c) Work with the Washington state department of transportation, utility districts, local road departments, and other public agencies to determine potential demand for restoration products produced on farms and small forestry operations to fulfill upcoming mitigation and compliance needs. The underlying analysis shall emphasize demand associated with construction of roads, utilities, and other public structures, as well as periodic repermitting of wastewater and other public utilities;

(d) Forecast market activity, including the potential supply of restoration products, including those produced through existing restoration programs, and the potential demand for such products to address mitigation, compliance, and other environmental needs and other market demands. This analysis shall also identify services, materials, technical assistance, financing, and other support that would facilitate the use of conservation markets;

(e) Consult with the Washington departments of ecology and fish and wildlife, the United States army corps of engineers, and local government permitting agencies to determine their willingness to use farm-produced restoration products to fulfill mitigation and compliance needs and also evaluate changes in rules and policy that would facilitate permitting of conservation market activities;

(f) Consult with the Northwest Indian fisheries commission and individual Indian tribes to determine their interest in and potential support of conservation markets;

(g) Coordinate with the department of agriculture regarding the "Future of Farming" project, the William D. Ruckelshaus Center on its activities relating to chapter 353, Laws of 2007, the office of farmland preservation and the office's efforts to retain farmland in agricultural production, the Washington biodiversity project, the department of ecology regarding its "Mitigation that Works" project, and the office of regulatory assistance on its integrated project review and mitigation project to ensure consistency with these efforts; and

(h) Develop findings and recommendations on the feasibility and desirability of creating farm-based and forest-based conservation markets in Washington state.

(2) If the study determines that farm-based conservation markets are feasible and desirable, the commission, contracting entity, or both, shall conduct two demonstration projects in Washington farm communities. The commission, entity, or both shall:

(a) Select demonstration project areas that have a combination of enthusiastic farmers, a substantial supply of potential restoration products from farms, potential for public and private cost-sharing of project costs, and upcoming development or permitting activity that is likely to trigger significant mitigation and compliance demands;

(b) Identify and map areas of highly productive agricultural activity and work with the departments of ecology and fish and wildlife to identify locations of high-priority wetland and habitat restoration or water quality improvement to ensure that conservation market-driven restoration does not infringe on highly productive farmland;

(c) Identify up to three potential credit transactions in each demonstration project area and work with relevant farmers, permittees, and permitting agencies to facilitate transactions in mitigation and compliance credits;

(d) Work with the department of ecology and other relevant permitting agencies to develop standards for approval of conservation market transactions to fulfill mitigation and compliance requirements and to identify priority areas for focusing conservation market sites based on the highest ecological benefits for the watershed and the restoration of ecosystem processes that minimize impacts to high quality agricultural lands;

(e) Work with conservation districts to determine district interest in participation in a conservation markets program, including a determination of district capacity and resources to participate in such a program;

(f) Evaluate options for facilitating conservation market transactions, including the use of farmer cooperatives, brokerage services, and banks; and

(g) Develop findings on the results of the demonstration projects and the implications for broader use of farm-based conservation markets in Washington state.

(3) As used in this act:

(a) "Commission" means the Washington state conservation commission.

(b) "Conservation market" means a farm or forest-based market for selling credits for wetland or habitat restoration or water quality cleanup to agencies in need of such credits to fulfill environmental mitigation, compliance requirements, and other environmental needs. The term shall also be broadly interpreted to include any program that provides ongoing revenue to sustain the long-term viability of farms and small forestry operations as a result of maintaining or enhancing environmental benefits such as open space, fish and wildlife habitat, floodwater dispersal, water filtration, buffers from more intense development, or any other environmental benefit resulting from the ongoing operation of the farm.

(c) "Small forest landowner" has the same meaning as in RCW 76.09.450.

(4) The commission shall present findings and recommendations from the conservation markets study to the governor and appropriate committees of the legislature by December 1, 2008. The findings and recommendations shall include:

(a) Findings regarding the match between the availability of farm-produced and forestry-produced restoration products and the demand for such products associated with mitigation and compliance for public agency projects and activities in the demonstration project area;

(b) Findings regarding the interests and capabilities of farmers, small forest landowners, public development agencies, and permitting agencies to participate in the demonstration conservation market;

(c) Findings regarding the likelihood that farm-based and forest-based conservation markets could provide a successful mechanism for addressing mitigation, compliance, and other environmental needs for public construction projects and permitting of public utilities; and

(d) Recommendations on whether to proceed to the initiation of demonstration projects.

(5) If the project proceeds into the demonstration project phase, the commission shall present findings and recommendations regarding the

conservation markets' demonstration projects to the governor and appropriate committees of the legislature by December 1, 2009. The findings and recommendations shall include:

(a) Findings on the ability to produce conservation market-ready restoration and clean-up projects without infringing on high-quality farmland;

(b) Findings on standards for review and approval of conservation market transactions in permitting processes;

(c) Findings on potential conservation market transactions in the demonstration project areas;

(d) Recommendations on measures that the Washington state department of transportation and other state agencies can take to facilitate their use of conservation markets to fulfill mitigation and compliance needs and waterfowl or wildlife habitat enhancement goals;

(e) Recommendations on support services that could be provided by state agencies to facilitate conservation markets throughout Washington, including but not limited to financing, permit assistance, technical assistance, materials, and other services.

(6) This section expires December 31, 2009.

NEW SECTION. Sec. 3. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the Senate March 10, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 134

[Fourth Substitute House Bill 1103]

HEALTH PROFESSIONS

AN ACT Relating to health professions; amending RCW 18.130.020, 18.130.050, 18.130.060, 18.130.080, 18.130.095, 18.130.170, 18.130.310, 70.41.210, 43.70.320, 18.130.140, 18.130.150, 18.130.165, 18.130.172, 18.130.180, 9.96A.020, 9.95.240, 43.43.825, 18.71.0191, and 18.79.130; reenacting and amending RCW 18.130.160, 18.130.040, and 18.130.040; adding new sections to chapter 18.130 RCW; adding a new section to chapter 42.52 RCW; adding a new section to chapter 18.71 RCW; adding a new section to chapter 18.79 RCW; adding a new section to chapter 18.25 RCW; adding a new section to chapter 18.32 RCW; creating new sections; prescribing penalties; providing effective dates; providing expiration dates; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. From statehood, Washington has constitutionally provided for the regulation of the practice of medicine and the sale of drugs and medicines. This constitutional recognition of the importance of regulating health care practitioners derives not from providers' financial interest in their license, but from the greater need to protect the public health and safety by assuring that the health care providers and medicines that society relies upon meet certain standards of quality.

The legislature finds that the issuance of a license to practice as a health care provider should be a means to promote quality and not be a means to provide financial benefit for providers. Statutory and administrative requirements

provide sufficient due process protections to prevent the unwarranted revocation of a health care provider's license. While those due process protections must be maintained, there is an urgent need to return to the original constitutional mandate that patients be ensured quality from their health care providers. The legislature has recognized and medical malpractice reforms have recognized the importance of quality and patient safety through such measures as a new adverse events reporting system. Reforms to the health care provider licensing system is another step toward improving quality in health care. Therefore, the legislature intends to increase the authority of those engaged in the regulation of health care providers to swiftly identify and remove health care providers who pose a risk to the public.

Sec. 2. RCW 18.130.020 and 1995 c 336 s 1 are each amended to read as follows:

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

(1) "Disciplining authority" means the agency, board, or commission having the authority to take disciplinary action against a holder of, or applicant for, a professional or business license upon a finding of a violation of this chapter or a chapter specified under RCW 18.130.040.

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

(3) "Secretary" means the secretary of health or the secretary's designee.

(4) "Board" means any of those boards specified in RCW 18.130.040.

(5) "Clinical expertise" means the proficiency or judgment that a license holder in a particular profession acquires through clinical experience or clinical practice and that is not possessed by a lay person.

(6) "Commission" means any of the commissions specified in RCW 18.130.040.

~~((6))~~ (7) "Unlicensed practice" means:

(a) Practicing a profession or operating a business identified in RCW 18.130.040 without holding a valid, unexpired, unrevoked, and unsuspended license to do so; or

(b) Representing to a consumer, through offerings, advertisements, or use of a professional title or designation, that the individual is qualified to practice a profession or operate a business identified in RCW 18.130.040, without holding a valid, unexpired, unrevoked, and unsuspended license to do so.

~~((7))~~ (8) "Disciplinary action" means sanctions identified in RCW 18.130.160.

~~((8))~~ (9) "Practice review" means an investigative audit of records related to the complaint, without prior identification of specific patient or consumer names, or an assessment of the conditions, circumstances, and methods of the professional's practice related to the complaint, to determine whether unprofessional conduct may have been committed.

~~((9))~~ (10) "Health agency" means city and county health departments and the department of health.

~~((10))~~ (11) "License," "licensing," and "licensure" shall be deemed equivalent to the terms "license," "licensing," "licensure," "certificate," "certification," and "registration" as those terms are defined in RCW 18.120.020.

(12) "Standards of practice" means the care, skill, and learning associated with the practice of a profession.

Sec. 3. RCW 18.130.050 and 2006 c 99 s 4 are each amended to read as follows:

Except as provided in section 5 of this act, the disciplining authority has the following authority:

(1) To adopt, amend, and rescind such rules as are deemed necessary to carry out this chapter;

(2) To investigate all complaints or reports of unprofessional conduct as defined in this chapter ~~((and))~~;

~~(3)~~ To hold hearings as provided in this chapter;

~~((3))~~ (4) To issue subpoenas and administer oaths in connection with any investigation, consideration of an application for license, hearing, or proceeding held under this chapter;

~~((4))~~ (5) To take or cause depositions to be taken and use other discovery procedures as needed in any investigation, hearing, or proceeding held under this chapter;

~~((5))~~ (6) To compel attendance of witnesses at hearings;

~~((6))~~ (7) In the course of investigating a complaint or report of unprofessional conduct, to conduct practice reviews and to issue citations and assess fines for failure to produce documents, records, or other items in accordance with section 20 of this act;

~~((7))~~ (8) To take emergency action ordering summary suspension of a license, or restriction or limitation of the license holder's practice pending proceedings by the disciplining authority. Within fourteen days of a request by the affected license holder, the disciplining authority must provide a show cause hearing in accordance with the requirements of section 6 of this act. Consistent with RCW 18.130.370, a disciplining authority shall issue a summary suspension of the license or temporary practice permit of a license holder prohibited from practicing a health care profession in another state, federal, or foreign jurisdiction because of an act of unprofessional conduct that is substantially equivalent to an act of unprofessional conduct prohibited by this chapter or any of the chapters specified in RCW 18.130.040. The summary suspension remains in effect until proceedings by the Washington disciplining authority have been completed;

~~((8))~~ (9) To conduct show cause hearings in accordance with section 5 or 6 of this act to review an action taken by the disciplining authority to suspend a license or restrict or limit a license holder's practice pending proceedings by the disciplining authority;

(10) To use a presiding officer as authorized in RCW 18.130.095(3) or the office of administrative hearings as authorized in chapter 34.12 RCW to conduct hearings. The disciplining authority shall make the final decision regarding disposition of the license unless the disciplining authority elects to delegate in writing the final decision to the presiding officer. Disciplining authorities identified in RCW 18.130.040(2)(b) may not delegate the final decision regarding disposition of the license or imposition of sanctions to a presiding officer in any case pertaining to standards of practice or where clinical expertise is necessary;

~~((9))~~ (11) To use individual members of the boards to direct investigations and to authorize the issuance of a citation under subsection (7) of this section. However, the member of the board shall not subsequently participate in the hearing of the case;

~~((10))~~ (12) To enter into contracts for professional services determined to be necessary for adequate enforcement of this chapter;

~~((11))~~ (13) To contract with ~~((licensees))~~ license holders or other persons or organizations to provide services necessary for the monitoring and supervision of ~~((licensees))~~ license holders who are placed on probation, whose professional activities are restricted, or who are for any authorized purpose subject to monitoring by the disciplining authority;

~~((12))~~ (14) To adopt standards of professional conduct or practice;

~~((13))~~ (15) To grant or deny license applications, and in the event of a finding of unprofessional conduct by an applicant or license holder, to impose any sanction against a license applicant or license holder provided by this chapter. After January 1, 2009, all sanctions must be issued in accordance with section 12 of this act;

~~((14))~~ (16) To restrict or place conditions on the practice of new licensees in order to protect the public and promote the safety of and confidence in the health care system;

(17) To designate individuals authorized to sign subpoenas and statements of charges;

~~((15))~~ (18) To establish panels consisting of three or more members of the board to perform any duty or authority within the board's jurisdiction under this chapter;

~~((16))~~ (19) To review and audit the records of licensed health facilities' or services' quality assurance committee decisions in which a ~~((licensee's))~~ license holder's practice privilege or employment is terminated or restricted. Each health facility or service shall produce and make accessible to the disciplining authority the appropriate records and otherwise facilitate the review and audit. Information so gained shall not be subject to discovery or introduction into evidence in any civil action pursuant to RCW 70.41.200(3).

Sec. 4. RCW 18.130.060 and 2006 c 99 s 1 are each amended to read as follows:

In addition to the authority specified in RCW 18.130.050 and section 5 of this act, the secretary has the following additional authority:

(1) To employ such investigative, administrative, and clerical staff as necessary for the enforcement of this chapter. The secretary must, whenever practical, make primary assignments on a long-term basis to foster the development and maintenance of staff expertise. To ensure continuity and best practices, the secretary will regularly evaluate staff assignments and workload distribution;

(2) Upon the request of a board or commission, to appoint pro tem members to participate as members of a panel of the board or commission in connection with proceedings specifically identified in the request. Individuals so appointed must meet the same minimum qualifications as regular members of the board or commission. Pro tem members appointed for matters under this chapter are appointed for a term of no more than one year. No pro tem member may serve more than four one-year terms. While serving as board or commission members

pro tem, persons so appointed have all the powers, duties, and immunities, and are entitled to the emoluments, including travel expenses in accordance with RCW 43.03.050 and 43.03.060, of regular members of the board or commission. The chairperson of a panel shall be a regular member of the board or commission appointed by the board or commission chairperson. Panels have authority to act as directed by the board or commission with respect to all matters ~~((concerning the review, investigation, and adjudication of all complaints, allegations, charges, and matters))~~ subject to the jurisdiction of the board or commission and within the authority of the board or commission. The authority to act through panels does not restrict the authority of the board or commission to act as a single body at any phase of proceedings within the board's or commission's jurisdiction. Board or commission panels may ~~((make interim orders and))~~ issue final orders and decisions with respect to matters and cases delegated to the panel by the board or commission. Final decisions may be appealed as provided in chapter 34.05 RCW, the administrative procedure act;

(3) To establish fees to be paid for witnesses, expert witnesses, and consultants used in any investigation and to establish fees to witnesses in any agency adjudicative proceeding as authorized by RCW 34.05.446;

(4) To conduct investigations and practice reviews at the direction of the disciplining authority and to issue subpoenas, administer oaths, and take depositions in the course of conducting those investigations and practice reviews at the direction of the disciplining authority;

(5) To have the health professions regulatory program establish a system to recruit potential public members, to review the qualifications of such potential members, and to provide orientation to those public members appointed pursuant to law by the governor or the secretary to the boards and commissions specified in RCW 18.130.040(2)(b), and to the advisory committees and councils for professions specified in RCW 18.130.040(2)(a); and

(6) To adopt rules, in consultation with the disciplining authorities, requiring every license holder to report information identified in RCW 18.130.070.

NEW SECTION. Sec. 5. A new section is added to chapter 18.130 RCW to read as follows:

With regard to complaints that only allege that a license holder has committed an act or acts of unprofessional conduct involving sexual misconduct, the secretary shall serve as the sole disciplining authority in every aspect of the disciplinary process, including initiating investigations, investigating, determining the disposition of the complaint, holding hearings, preparing findings of fact, issuing orders or dismissals of charges as provided in RCW 18.130.110, entering into stipulations permitted by RCW 18.130.172, or issuing summary suspensions under section 6 of this act. The board or commission shall review all cases and only refer to the secretary sexual misconduct cases that do not involve clinical expertise or standard of care issues.

NEW SECTION. Sec. 6. A new section is added to chapter 18.130 RCW to read as follows:

(1) Upon an order of a disciplining authority to summarily suspend a license, or restrict or limit a license holder's practice pursuant to RCW 18.130.050 or section 5 of this act, the license holder is entitled to a show cause

hearing before a panel or the secretary as identified in subsection (2) of this section within fourteen days of requesting a show cause hearing. The license holder must request the show cause hearing within twenty days of the issuance of the order. At the show cause hearing, the disciplining authority has the burden of demonstrating that more probable than not, the license holder poses an immediate threat to the public health and safety. The license holder must request a hearing regarding the statement of charges in accordance with RCW 18.130.090.

(2)(a) In the case of a license holder who is regulated by a board or commission identified in RCW 18.130.040(2)(b), the show cause hearing must be held by a panel of the appropriate board or commission.

(b) In the case of a license holder who is regulated by the secretary under RCW 18.130.040(2)(a), the show cause hearing must be held by the secretary.

(3) At the show cause hearing, the show cause hearing panel or the secretary may consider the statement of charges, the motion, and documents supporting the request for summary action, the respondent's answer to the statement of charges, and shall provide the license holder with an opportunity to provide documentary evidence and written testimony, and be represented by counsel. Prior to the show cause hearing, the disciplining authority shall provide the license holder with all documentation in support of the charges against the license holder.

(4)(a) If the show cause hearing panel or secretary determines that the license holder does not pose an immediate threat to the public health and safety, the panel or secretary may overturn the summary suspension or restriction order.

(b) If the show cause hearing panel or secretary determines that the license holder poses an immediate threat to the public health and safety, the summary suspension or restriction order shall remain in effect. The show cause hearing panel or secretary may amend the order as long as the amended order ensures that the license holder will no longer pose an immediate threat to the public health and safety.

(5) Within forty-five days of the show cause hearing panel's or secretary's determination to sustain the summary suspension or place restrictions on the license, the license holder may request a full hearing on the merits of the disciplining authority's decision to suspend or restrict the license. A full hearing must be provided within forty-five days of receipt of the request for a hearing, unless stipulated otherwise.

NEW SECTION. Sec. 7. A new section is added to chapter 18.130 RCW to read as follows:

(1)(a) The secretary is authorized to receive criminal history record information that includes nonconviction data for any purpose associated with investigation or licensing and investigate the complete criminal history and pending charges of all applicants and license holders.

(b) Dissemination or use of nonconviction data for purposes other than that authorized in this section is prohibited. Disciplining authorities shall restrict the use of background check results in determining the individual's suitability for a license and in conducting disciplinary functions.

(2)(a) The secretary shall establish requirements for each applicant for an initial license to obtain a state background check through the state patrol prior to

the issuance of any license. The background check may be fingerprint-based at the discretion of the department.

(b) The secretary shall specify those situations where a background check under (a) of this subsection is inadequate and an applicant for an initial license must obtain an electronic fingerprint-based national background check through the state patrol and federal bureau of investigation. Situations where a background check is inadequate may include instances where an applicant has recently lived out of state or where the applicant has a criminal record in Washington. The secretary shall issue a temporary practice permit to an applicant who must have a national background check conducted if the background check conducted under (a) of this subsection does not reveal a criminal record in Washington, and if the applicant meets the provisions of RCW 18.130.075.

(3) In addition to the background check required in subsection (2) of this section, an investigation may include an examination of state and national criminal identification data. The disciplining authority shall use the information for determining eligibility for licensure or renewal. The disciplining authority may also use the information when determining whether to proceed with an investigation of a report under RCW 18.130.080. For a national criminal history records check, the department shall require fingerprints be submitted to and searched through the Washington state patrol identification and criminal history section. The Washington state patrol shall forward the fingerprints to the federal bureau of investigation.

(4) The secretary shall adopt rules to require license holders to report to the disciplining authority any arrests, convictions, or other determinations or findings by a law enforcement agency occurring after the effective date of this section for a criminal offense. The report must be made within fourteen days of the conviction.

(5) The secretary shall conduct an annual review of a representative sample of all license holders who have previously obtained a background check through the department. The selection of the license holders to be reviewed must be representative of all categories of license holders and geographic locations.

(6)(a) When deciding whether or not to issue an initial license, the disciplining authority shall consider the results of any background check conducted under subsection (2) of this section that reveals a conviction for any criminal offense that constitutes unprofessional conduct under this chapter or the chapters specified in RCW 18.130.040(2) or a series of arrests that when considered together demonstrate a pattern of behavior that, without investigation, may pose a risk to the safety of the license holder's patients.

(b) If the background check conducted under subsection (2) of this section reveals any information related to unprofessional conduct that has not been previously disclosed to the disciplining authority, the disciplining authority shall take appropriate disciplinary action against the license holder.

(7) The department shall:

(a) Require the applicant or license holder to submit full sets of fingerprints if necessary to complete the background check;

(b) Require the applicant to submit any information required by the state patrol; and

(c) Notify the applicant if their background check reveals a criminal record. Only when the background check reveals a criminal record will an applicant receive a notice. Upon receiving such a notice, the applicant may request and the department shall provide a copy of the record to the extent permitted under RCW 10.97.050, including making accessible to the applicant for their personal use and information any records of arrest, charges, or allegations of criminal conduct or other nonconviction data pursuant to RCW 10.97.050(4).

(8) Criminal justice agencies shall provide the secretary with both conviction and nonconviction information that the secretary requests for investigations under this chapter.

(9) There is established a unit within the department for the purpose of detection, investigation, and prosecution of any act prohibited or declared unlawful under this chapter. The secretary will employ supervisory, legal, and investigative personnel for the unit who must be qualified by training and experience.

Sec. 8. RCW 18.130.080 and 2006 c 99 s 5 are each amended to read as follows:

(1) ~~((A person, including but not limited to consumers, licensees, corporations, organizations, health care facilities, impaired practitioner programs, or voluntary substance abuse monitoring programs approved by disciplining authorities, and state and local governmental agencies;))~~ (a) An individual, an impaired practitioner program, or a voluntary substance abuse monitoring program approved by a disciplining authority, may submit a written complaint to the disciplining authority charging a license holder or applicant with unprofessional conduct and specifying the grounds therefor or to report information to the disciplining authority, or voluntary substance abuse monitoring program, or an impaired practitioner program approved by the disciplining authority, which indicates that the license holder may not be able to practice his or her profession with reasonable skill and safety to consumers as a result of a mental or physical condition.

(b)(i) Every license holder, corporation, organization, health care facility, and state and local governmental agency that employs a license holder shall report to the disciplining authority when the employed license holder's services have been terminated or restricted based upon a final determination that the license holder has either committed an act or acts that may constitute unprofessional conduct or that the license holder may not be able to practice his or her profession with reasonable skill and safety to consumers as a result of a mental or physical condition.

(ii) All reports required by (b)(i) of this subsection must be submitted to the disciplining authority as soon as possible, but no later than twenty days after a determination has been made. A report should contain the following information, if known:

(A) The name, address, and telephone number of the person making the report;

(B) The name, address, and telephone number of the license holder being reported;

(C) The case number of any patient whose treatment is the subject of the report;

(D) A brief description or summary of the facts that gave rise to the issuance of the report, including dates of occurrences;

(E) If court action is involved, the name of the court in which the action is filed, the date of filing, and the docket number; and

(F) Any further information that would aid in the evaluation of the report.

(iii) Mandatory reports required by (b)(i) of this subsection are exempt from public inspection and copying to the extent permitted under chapter 42.56 RCW or to the extent that public inspection or copying of the report would invade or violate a person's right to privacy as set forth in RCW 42.56.050.

(2) If the disciplining authority determines that ~~((the))~~ a complaint submitted under subsection (1) of this section merits investigation, or if the disciplining authority has reason to believe, without a formal complaint, that a license holder or applicant may have engaged in unprofessional conduct, the disciplining authority shall investigate to determine whether there has been unprofessional conduct. In determining whether or not to investigate, the disciplining authority shall consider any prior complaints received by the disciplining authority, any prior findings of fact under RCW 18.130.110, any stipulations to informal disposition under RCW 18.130.172, and any comparable action taken by other state disciplining authorities.

~~((2))~~ (3) Notwithstanding subsection ~~((4))~~ (2) of this section, the disciplining authority shall initiate an investigation in every instance where:

(a) The disciplining authority receives information that a health care provider has been disqualified from participating in the federal medicare program, under Title XVIII of the federal social security act, or the federal medicaid program, under Title XIX of the federal social security act; or

(b) There is a pattern of complaints, arrests, or other actions that may not have resulted in a formal adjudication of wrongdoing, but when considered together demonstrate a pattern of similar conduct that, without investigation, likely poses a risk to the safety of the license holder's patients.

(4) Failure of a license holder to submit a mandatory report to the disciplining authority under subsection (1)(b) of this section is punishable by a civil penalty not to exceed five hundred dollars and constitutes unprofessional conduct.

(5) If a report has been made by a hospital to the department under RCW 70.41.210 or an ambulatory surgical facility under RCW 70.230.120, a report to the disciplining authority under subsection (1)(b) of this section is not required.

~~((3) A person who files a complaint or reports information under this section in good faith is immune from suit in any civil action related to the filing or contents of the complaint.)~~

(6) A person is immune from civil liability, whether direct or derivative, for providing information in good faith to the disciplining authority under this section.

(7)(a) The secretary is authorized to receive criminal history record information that includes nonconviction data for any purpose associated with the investigation or licensing of persons under this chapter.

(b) Dissemination or use of nonconviction data for purposes other than that authorized in this section is prohibited.

Sec. 9. RCW 18.130.095 and 2005 c 274 s 231 are each amended to read as follows:

(1)(a) The secretary, in consultation with the disciplining authorities, shall develop uniform procedural rules to respond to public inquiries concerning complaints and their disposition, active investigations, statement of charges, findings of fact, and final orders involving a ~~((licensee))~~ license holder, applicant, or unlicensed person. The uniform procedural rules adopted under this subsection apply to all adjudicative proceedings conducted under this chapter and shall include provisions for establishing time periods for initial assessment, investigation, charging, discovery, settlement, and adjudication of complaints, and shall include enforcement provisions for violations of the specific time periods by the department, the disciplining authority, and the respondent. A ~~((licensee))~~ license holder must be notified upon receipt of a complaint, except when the notification would impede an effective investigation. At the earliest point of time the ~~((licensee))~~ license holder must be allowed to submit a written statement about that complaint, which statement must be included in the file. Complaints filed after July 27, 1997, are exempt from public disclosure under chapter 42.56 RCW until the complaint has been initially assessed and determined to warrant an investigation by the disciplining authority. Complaints determined not to warrant an investigation by the disciplining authority are no longer considered complaints, but must remain in the records and tracking system of the department. Information about complaints that did not warrant an investigation, including the existence of the complaint, may be released only upon receipt of a written public disclosure request or pursuant to an interagency agreement as provided in (b) of this subsection. Complaints determined to warrant no cause for action after investigation are subject to public disclosure, must include an explanation of the determination to close the complaint, and must remain in the records and tracking system of the department.

(b) The secretary, on behalf of the disciplining authorities, shall enter into interagency agreements for the exchange of records, which may include complaints filed but not yet assessed, with other state agencies if access to the records will assist those agencies in meeting their federal or state statutory responsibilities. Records obtained by state agencies under the interagency agreements are subject to the limitations on disclosure contained in (a) of this subsection.

(2) The uniform procedures for conducting investigations shall provide that prior to taking a written statement:

(a) For violation of this chapter, the investigator shall inform such person, in writing of: (i) The nature of the complaint; (ii) that the person may consult with legal counsel at his or her expense prior to making a statement; and (iii) that any statement that the person makes may be used in an adjudicative proceeding conducted under this chapter; and

(b) From a witness or potential witness in an investigation under this chapter, the investigator shall inform the person, in writing, that the statement may be released to the ~~((licensee))~~ license holder, applicant, or unlicensed person under investigation if a statement of charges is issued.

(3) Only upon the authorization of a disciplining authority identified in RCW 18.130.040(2)(b), the secretary, or his or her designee, may serve as the presiding officer for any disciplinary proceedings of the disciplining authority authorized under this chapter. ~~((Except as provided in RCW 18.130.050(8).))~~

The presiding officer shall not vote on or make any final decision in cases pertaining to standards of practice or where clinical expertise is necessary. All functions performed by the presiding officer shall be subject to chapter 34.05 RCW. The secretary, in consultation with the disciplining authorities, shall adopt procedures for implementing this subsection.

(4) The uniform procedural rules shall be adopted by all disciplining authorities listed in RCW 18.130.040(2), and shall be used for all adjudicative proceedings conducted under this chapter, as defined by chapter 34.05 RCW. The uniform procedural rules shall address the use of a presiding officer authorized in subsection (3) of this section to determine and issue decisions on all legal issues and motions arising during adjudicative proceedings.

Sec. 10. RCW 18.130.160 and 2006 c 99 s 6 and 2006 c 8 s 104 are each reenacted and amended to read as follows:

Upon a finding, after hearing, that a license holder (~~(or applicant)~~) has committed unprofessional conduct or is unable to practice with reasonable skill and safety due to a physical or mental condition, the disciplining authority (~~(may consider the imposition of sanctions, taking into account)~~) shall issue an order including sanctions adopted in accordance with the schedule adopted under section 12 of this act giving proper consideration to any prior findings of fact under RCW 18.130.110, any stipulations to informal disposition under RCW 18.130.172, and any action taken by other in-state or out-of-state disciplining authorities (~~(, and issue an)~~). The order (~~(providing)~~) must provide for one or any combination of the following, as directed by the schedule:

- (1) Revocation of the license;
- (2) Suspension of the license for a fixed or indefinite term;
- (3) Restriction or limitation of the practice;
- (4) Requiring the satisfactory completion of a specific program of remedial education or treatment;
- (5) The monitoring of the practice by a supervisor approved by the disciplining authority;
- (6) Censure or reprimand;
- (7) Compliance with conditions of probation for a designated period of time;
- (8) Payment of a fine for each violation of this chapter, not to exceed five thousand dollars per violation. Funds received shall be placed in the health professions account;
- (9) Denial of the license request;
- (10) Corrective action;
- (11) Refund of fees billed to and collected from the consumer;
- (12) A surrender of the practitioner's license in lieu of other sanctions, which must be reported to the federal data bank.

Any of the actions under this section may be totally or partly stayed by the disciplining authority. Safeguarding the public's health and safety is the paramount responsibility of every disciplining authority (~~(and)~~). In determining what action is appropriate, the disciplining authority must consider the schedule adopted under section 12 of this act. Where the schedule allows flexibility in determining the appropriate sanction, the disciplining authority must first consider what sanctions are necessary to protect or compensate the public. Only after such provisions have been made may the disciplining authority consider

and include in the order requirements designed to rehabilitate the license holder (~~(or applicant)~~). All costs associated with compliance with orders issued under this section are the obligation of the license holder (~~(or applicant)~~). The disciplining authority may order permanent revocation of a license if it finds that the license holder can never be rehabilitated or can never regain the ability to practice with reasonable skill and safety.

Surrender or permanent revocation of a license under this section is not subject to a petition for reinstatement under RCW 18.130.150.

The disciplining authority may determine that a case presents unique circumstances that the schedule adopted under section 12 of this act does not adequately address. The disciplining authority may deviate from the schedule adopted under section 12 of this act when selecting appropriate sanctions, but the disciplining authority must issue a written explanation of the basis for not following the schedule.

The (~~licensee or applicant~~) license holder may enter into a stipulated disposition of charges that includes one or more of the sanctions of this section, but only after a statement of charges has been issued and the (~~licensee~~) license holder has been afforded the opportunity for a hearing and has elected on the record to forego such a hearing. The stipulation shall either contain one or more specific findings of unprofessional conduct or inability to practice, or a statement by the (~~licensee~~) license holder acknowledging that evidence is sufficient to justify one or more specified findings of unprofessional conduct or inability to practice. The stipulation entered into pursuant to this subsection shall be considered formal disciplinary action for all purposes.

Sec. 11. RCW 18.130.170 and 1995 c 336 s 8 are each amended to read as follows:

(1) If the disciplining authority believes a license holder (~~(or applicant)~~) may be unable to practice with reasonable skill and safety to consumers by reason of any mental or physical condition, a statement of charges in the name of the disciplining authority shall be served on the license holder (~~(or applicant)~~) and notice shall also be issued providing an opportunity for a hearing. The hearing shall be limited to the sole issue of the capacity of the license holder (~~(or applicant)~~) to practice with reasonable skill and safety. If the disciplining authority determines that the license holder (~~(or applicant)~~) is unable to practice with reasonable skill and safety for one of the reasons stated in this subsection, the disciplining authority shall impose such sanctions under RCW 18.130.160 as is deemed necessary to protect the public.

(2)(a) In investigating or adjudicating a complaint or report that a license holder (~~(or applicant)~~) may be unable to practice with reasonable skill or safety by reason of any mental or physical condition, the disciplining authority may require a license holder (~~(or applicant)~~) to submit to a mental or physical examination by one or more licensed or certified health professionals designated by the disciplining authority. The license holder (~~(or applicant)~~) shall be provided written notice of the disciplining authority's intent to order a mental or physical examination, which notice shall include: (i) A statement of the specific conduct, event, or circumstances justifying an examination; (ii) a summary of the evidence supporting the disciplining authority's concern that the license holder (~~(or applicant)~~) may be unable to practice with reasonable skill and safety by reason of a mental or physical condition, and the grounds for believing such

evidence to be credible and reliable; (iii) a statement of the nature, purpose, scope, and content of the intended examination; (iv) a statement that the license holder (~~(or applicant)~~) has the right to respond in writing within twenty days to challenge the disciplining authority's grounds for ordering an examination or to challenge the manner or form of the examination; and (v) a statement that if the license holder (~~(or applicant)~~) timely responds to the notice of intent, then the license holder (~~(or applicant)~~) will not be required to submit to the examination while the response is under consideration.

(b) Upon submission of a timely response to the notice of intent to order a mental or physical examination, the license holder (~~(or applicant)~~) shall have an opportunity to respond to or refute such an order by submission of evidence or written argument or both. The evidence and written argument supporting and opposing the mental or physical examination shall be reviewed by either a panel of the disciplining authority members who have not been involved with the allegations against the license holder (~~(or applicant)~~) or a neutral decision maker approved by the disciplining authority. The reviewing panel of the disciplining authority or the approved neutral decision maker may, in its discretion, ask for oral argument from the parties. The reviewing panel of the disciplining authority or the approved neutral decision maker shall prepare a written decision as to whether: There is reasonable cause to believe that the license holder (~~(or applicant)~~) may be unable to practice with reasonable skill and safety by reason of a mental or physical condition, or the manner or form of the mental or physical examination is appropriate, or both.

(c) Upon receipt by the disciplining authority of the written decision, or upon the failure of the license holder (~~(or applicant)~~) to timely respond to the notice of intent, the disciplining authority may issue an order requiring the license holder (~~(or applicant)~~) to undergo a mental or physical examination. All such mental or physical examinations shall be narrowly tailored to address only the alleged mental or physical condition and the ability of the license holder (~~(or applicant)~~) to practice with reasonable skill and safety. An order of the disciplining authority requiring the license holder (~~(or applicant)~~) to undergo a mental or physical examination is not a final order for purposes of appeal. The cost of the examinations ordered by the disciplining authority shall be paid out of the health professions account. In addition to any examinations ordered by the disciplining authority, the (~~(licensee)~~) license holder may submit physical or mental examination reports from licensed or certified health professionals of the license holder's (~~(or applicant's)~~) choosing and expense.

(d) If the disciplining authority finds that a license holder (~~(or applicant)~~) has failed to submit to a properly ordered mental or physical examination, then the disciplining authority may order appropriate action or discipline under RCW 18.130.180(9), unless the failure was due to circumstances beyond the person's control. However, no such action or discipline may be imposed unless the license holder (~~(or applicant)~~) has had the notice and opportunity to challenge the disciplining authority's grounds for ordering the examination, to challenge the manner and form, to assert any other defenses, and to have such challenges or defenses considered by either a panel of the disciplining authority members who have not been involved with the allegations against the license holder (~~(or applicant)~~) or a neutral decision maker approved by the disciplining authority, as previously set forth in this section. Further, the action or discipline ordered by

the disciplining authority shall not be more severe than a suspension of the license, certification, registration, or application until such time as the license holder ~~((or applicant))~~ complies with the properly ordered mental or physical examination.

(e) Nothing in this section shall restrict the power of a disciplining authority to act in an emergency under RCW 34.05.422(4), 34.05.479, and 18.130.050~~((7))~~ (8).

(f) A determination by a court of competent jurisdiction that a license holder ~~((or applicant))~~ is mentally incompetent or ~~((mentally ill))~~ an individual with mental illness is presumptive evidence of the license holder's ~~((or applicant's))~~ inability to practice with reasonable skill and safety. An individual affected under this section shall at reasonable intervals be afforded an opportunity, at his or her expense, to demonstrate that the individual can resume competent practice with reasonable skill and safety to the consumer.

(3) For the purpose of subsection (2) of this section, ~~((an applicant or))~~ a license holder governed by this chapter, by making application, practicing, or filing a license renewal, is deemed to have given consent to submit to a mental, physical, or psychological examination when directed in writing by the disciplining authority and further to have waived all objections to the admissibility or use of the examining health professional's testimony or examination reports by the disciplining authority on the ground that the testimony or reports constitute privileged communications.

NEW SECTION. Sec. 12. A new section is added to chapter 18.130 RCW to read as follows:

(1) Each of the disciplining authorities identified in RCW 18.130.040(2)(b) shall appoint a representative to review the secretary's sanctioning guidelines, as well as guidelines adopted by any of the boards and commissions, and collaborate to develop a schedule that defines appropriate ranges of sanctions that are applicable upon a determination that a license holder has committed unprofessional conduct as defined in this chapter or the chapters specified in RCW 18.130.040(2). The schedule must identify aggravating and mitigating circumstances that may enhance or reduce the sanction imposed by the disciplining authority for unprofessional conduct. The schedule must apply to all disciplining authorities. In addition, the disciplining authorities shall make provisions for instances in which there are multiple findings of unprofessional conduct. When establishing the proposed schedule, the disciplining authorities shall consider maintaining consistent sanction determinations that maximize the protection of the public's health and while maintaining the rights of health care providers of the different health professions. The disciplining authorities shall submit the proposed schedule and recommendations to modify or adopt the secretary's guidelines to the secretary no later than November 15, 2008.

(2) The secretary shall adopt rules establishing a uniform sanctioning schedule that is consistent with the proposed schedule developed under subsection (1) of this section. The schedule shall be applied to all disciplinary actions commenced under this chapter after January 1, 2009. The secretary shall use his or her emergency rule-making authority pursuant to the procedures under chapter 34.05 RCW, to adopt rules that take effect no later than January 1, 2009, to implement the schedule.

(3) The disciplining authority may determine that a case presents unique circumstances that the schedule adopted under this section does not adequately address. The disciplining authority may deviate from the schedule adopted under this section when selecting appropriate sanctions, but the disciplining authority must issue a written explanation in the order of the basis for not following the schedule.

(4) The secretary shall report to the legislature by January 15, 2009, on the adoption of the sanctioning schedule.

Sec. 13. RCW 18.130.310 and 1989 1st ex.s. c 9 s 313 are each amended to read as follows:

(1) Subject to RCW 40.07.040, the disciplinary authority shall submit (~~(a biennial)~~) an annual report to the legislature on its proceedings during the (~~(biennium)~~) year, detailing the number of complaints made, investigated, and adjudicated and manner of disposition. In addition, the report must provide data on the department's background check activities conducted under section 7 of this act and the effectiveness of those activities in identifying potential license holders who may not be qualified to practice safely. The report must summarize the distribution of the number of cases assigned to each attorney and investigator for each profession. The identity of the attorney and investigator must remain anonymous. The report may include recommendations for improving the disciplinary process, including proposed legislation. The department shall develop a uniform report format.

(2) Each disciplining authority identified in RCW 18.130.040(2)(b) may submit an annual report to complement the report required under subsection (1) of this section. Each report may provide additional information about the disciplinary activities, rule-making and policy activities, and receipts and expenditures for the individual disciplining authority.

Sec. 14. RCW 70.41.210 and 2005 c 470 s 1 are each amended to read as follows:

(1) The chief administrator or executive officer of a hospital shall report to the department when the practice of a health care practitioner as defined in subsection (2) of this section is restricted, suspended, limited, or terminated based upon a conviction, determination, or finding by the hospital that the health care practitioner has committed an action defined as unprofessional conduct under RCW 18.130.180. The chief administrator or executive officer shall also report any voluntary restriction or termination of the practice of a health care practitioner as defined in subsection (2) of this section while the practitioner is under investigation or the subject of a proceeding by the hospital regarding unprofessional conduct, or in return for the hospital not conducting such an investigation or proceeding or not taking action. The department will forward the report to the appropriate disciplining authority.

(2) The reporting requirements apply to the following health care practitioners: Pharmacists as defined in chapter 18.64 RCW; advanced registered nurse practitioners as defined in chapter 18.79 RCW; dentists as defined in chapter 18.32 RCW; naturopaths as defined in chapter 18.36A RCW; optometrists as defined in chapter 18.53 RCW; osteopathic physicians and surgeons as defined in chapter 18.57 RCW; osteopathic (~~physician~~ ~~physicians~~) physicians' assistants as defined in chapter 18.57A RCW;

physicians as defined in chapter 18.71 RCW; physician assistants as defined in chapter 18.71A RCW; podiatric physicians and surgeons as defined in chapter 18.22 RCW; and psychologists as defined in chapter 18.83 RCW.

(3) Reports made under subsection (1) of this section shall be made within fifteen days of the date: (a) A conviction, determination, or finding is made by the hospital that the health care practitioner has committed an action defined as unprofessional conduct under RCW 18.130.180; or (b) the voluntary restriction or termination of the practice of a health care practitioner, including his or her voluntary resignation, while under investigation or the subject of proceedings regarding unprofessional conduct under RCW 18.130.180 is accepted by the hospital.

(4) Failure of a hospital to comply with this section is punishable by a civil penalty not to exceed ~~((two))~~ five hundred ~~((fifty))~~ dollars.

(5) A hospital, its chief administrator, or its executive officer who files a report under this section is immune from suit, whether direct or derivative, in any civil action related to the filing or contents of the report, unless the conviction, determination, or finding on which the report and its content are based is proven to not have been made in good faith. The prevailing party in any action brought alleging the conviction, determination, finding, or report was not made in good faith, shall be entitled to recover the costs of litigation, including reasonable attorneys' fees.

(6) The department shall forward reports made under subsection (1) of this section to the appropriate disciplining authority designated under Title 18 RCW within fifteen days of the date the report is received by the department. The department shall notify a hospital that has made a report under subsection (1) of this section of the results of the disciplining authority's case disposition decision within fifteen days after the case disposition. Case disposition is the decision whether to issue a statement of charges, take informal action, or close the complaint without action against a practitioner. In its biennial report to the legislature under RCW 18.130.310, the department shall specifically identify the case dispositions of reports made by hospitals under subsection (1) of this section.

(7) The department shall not increase hospital license fees to carry out this section before July 1, ~~((2007))~~ 2008.

NEW SECTION. Sec. 15. A new section is added to chapter 42.52 RCW to read as follows:

Members of a health profession board or commission as identified in RCW 18.130.040(2)(b) may express their professional opinions to an elected official about the work of the board or commission on which the member serves, even if those opinions differ from the department of health's official position. Such communication shall be to inform the elected official and not to lobby in support or opposition to any initiative to the legislature.

Sec. 16. RCW 43.70.320 and 1993 c 492 s 411 are each amended to read as follows:

(1) There is created in the state treasury an account to be known as the health professions account. All fees received by the department for health professions licenses, registration, certifications, renewals, or examinations and the civil penalties assessed and collected by the department under RCW

18.130.190 shall be forwarded to the state treasurer who shall credit such moneys to the health professions account.

(2) All expenses incurred in carrying out the health professions licensing activities of the department shall be paid from the account as authorized by legislative appropriation, except as provided in subsection (4) of this section. Any residue in the account shall be accumulated and shall not revert to the general fund at the end of the biennium.

(3) The secretary shall biennially prepare a budget request based on the anticipated costs of administering the health professions licensing activities of the department which shall include the estimated income from health professions fees.

(4) The secretary shall, at the request of a board or commission as applicable, spend unappropriated funds in the health professions account that are allocated to the requesting board or commission to meet unanticipated costs of that board or commission when revenues exceed more than fifteen percent over the department's estimated six-year spending projections for the requesting board or commission. Unanticipated costs shall be limited to spending as authorized in subsection (3) of this section for anticipated costs.

Sec. 17. RCW 18.130.040 and 2007 c 269 s 17 and 2007 c 70 s 11 are each reenacted and amended to read as follows:

(1) This chapter applies only to the secretary and the boards and commissions having jurisdiction in relation to the professions licensed under the chapters specified in this section. This chapter does not apply to any business or profession not licensed under the chapters specified in this section.

(2)(a) The secretary has authority under this chapter in relation to the following professions:

(i) Dispensing opticians licensed and designated apprentices under chapter 18.34 RCW;

(ii) Naturopaths licensed under chapter 18.36A RCW;

(iii) Midwives licensed under chapter 18.50 RCW;

(iv) Ocularists licensed under chapter 18.55 RCW;

(v) Massage operators and businesses licensed under chapter 18.108 RCW;

(vi) Dental hygienists licensed under chapter 18.29 RCW;

(vii) Acupuncturists licensed under chapter 18.06 RCW;

(viii) Radiologic technologists certified and X-ray technicians registered under chapter 18.84 RCW;

(ix) Respiratory care practitioners licensed under chapter 18.89 RCW;

(x) Persons registered under chapter 18.19 RCW;

(xi) Persons licensed as mental health counselors, marriage and family therapists, and social workers under chapter 18.225 RCW;

(xii) Persons registered as nursing pool operators under chapter 18.52C RCW;

(xiii) Nursing assistants registered or certified under chapter 18.88A RCW;

(xiv) Health care assistants certified under chapter 18.135 RCW;

(xv) Dietitians and nutritionists certified under chapter 18.138 RCW;

(xvi) Chemical dependency professionals certified under chapter 18.205 RCW;

(xvii) Sex offender treatment providers and certified affiliate sex offender treatment providers certified under chapter 18.155 RCW;

- (xviii) Persons licensed and certified under chapter 18.73 RCW or RCW 18.71.205;
 - (xix) Denturists licensed under chapter 18.30 RCW;
 - (xx) Orthotists and prosthetists licensed under chapter 18.200 RCW;
 - (xxi) Surgical technologists registered under chapter 18.215 RCW;
 - (xxii) Recreational therapists; and
 - (xxiii) Animal massage practitioners certified under chapter 18.240 RCW.
- (b) The boards and commissions having authority under this chapter are as follows:
- (i) The podiatric medical board as established in chapter 18.22 RCW;
 - (ii) The chiropractic quality assurance commission as established in chapter 18.25 RCW;
 - (iii) The dental quality assurance commission as established in chapter 18.32 RCW governing licenses issued under chapter 18.32 RCW and licenses and registrations issued under chapter 18.260 RCW;
 - (iv) The board of hearing and speech as established in chapter 18.35 RCW;
 - (v) The board of examiners for nursing home administrators as established in chapter 18.52 RCW;
 - (vi) The optometry board as established in chapter 18.54 RCW governing licenses issued under chapter 18.53 RCW;
 - (vii) The board of osteopathic medicine and surgery as established in chapter 18.57 RCW governing licenses issued under chapters 18.57 and 18.57A RCW;
 - (viii) The board of pharmacy as established in chapter 18.64 RCW governing licenses issued under chapters 18.64 and 18.64A RCW;
 - (ix) The medical quality assurance commission as established in chapter 18.71 RCW governing licenses and registrations issued under chapters 18.71 and 18.71A RCW;
 - (x) The board of physical therapy as established in chapter 18.74 RCW;
 - (xi) The board of occupational therapy practice as established in chapter 18.59 RCW;
 - (xii) The nursing care quality assurance commission as established in chapter 18.79 RCW governing licenses and registrations issued under that chapter;
 - (xiii) The examining board of psychology and its disciplinary committee as established in chapter 18.83 RCW; and
 - (xiv) The veterinary board of governors as established in chapter 18.92 RCW.
- (3) In addition to the authority to discipline license holders, the disciplining authority has the authority to grant or deny licenses (~~(based on the conditions and criteria established in this chapter and the chapters specified in subsection (2) of this section. This chapter also governs any investigation, hearing, or proceeding relating to denial of licensure or issuance of a license conditioned on the applicant's compliance with an order entered pursuant to RCW 18.130.160 by).~~ The disciplining authority may also grant a license subject to conditions.
- (4) All disciplining authorities shall adopt procedures to ensure substantially consistent application of this chapter, the Uniform Disciplinary Act, among the disciplining authorities listed in subsection (2) of this section.

Sec. 18. RCW 18.130.040 and 2007 c 269 s 17, 2007 c 253 s 13, and 2007 c 70 s 11 are each reenacted and amended to read as follows:

(1) This chapter applies only to the secretary and the boards and commissions having jurisdiction in relation to the professions licensed under the chapters specified in this section. This chapter does not apply to any business or profession not licensed under the chapters specified in this section.

(2)(a) The secretary has authority under this chapter in relation to the following professions:

(i) Dispensing opticians licensed and designated apprentices under chapter 18.34 RCW;

(ii) Naturopaths licensed under chapter 18.36A RCW;

(iii) Midwives licensed under chapter 18.50 RCW;

(iv) Ocularists licensed under chapter 18.55 RCW;

(v) Massage operators and businesses licensed under chapter 18.108 RCW;

(vi) Dental hygienists licensed under chapter 18.29 RCW;

(vii) Acupuncturists licensed under chapter 18.06 RCW;

(viii) Radiologic technologists certified and X-ray technicians registered under chapter 18.84 RCW;

(ix) Respiratory care practitioners licensed under chapter 18.89 RCW;

(x) Persons registered under chapter 18.19 RCW;

(xi) Persons licensed as mental health counselors, marriage and family therapists, and social workers under chapter 18.225 RCW;

(xii) Persons registered as nursing pool operators under chapter 18.52C RCW;

(xiii) Nursing assistants registered or certified under chapter 18.88A RCW;

(xiv) Health care assistants certified under chapter 18.135 RCW;

(xv) Dietitians and nutritionists certified under chapter 18.138 RCW;

(xvi) Chemical dependency professionals certified under chapter 18.205 RCW;

(xvii) Sex offender treatment providers and certified affiliate sex offender treatment providers certified under chapter 18.155 RCW;

(xviii) Persons licensed and certified under chapter 18.73 RCW or RCW 18.71.205;

(xix) Denturists licensed under chapter 18.30 RCW;

(xx) Orthotists and prosthetists licensed under chapter 18.200 RCW;

(xxi) Surgical technologists registered under chapter 18.215 RCW;

(xxii) Recreational therapists;

(xxiii) Animal massage practitioners certified under chapter 18.240 RCW; and

(xxiv) Athletic trainers licensed under chapter 18.250 RCW.

(b) The boards and commissions having authority under this chapter are as follows:

(i) The podiatric medical board as established in chapter 18.22 RCW;

(ii) The chiropractic quality assurance commission as established in chapter 18.25 RCW;

(iii) The dental quality assurance commission as established in chapter 18.32 RCW governing licenses issued under chapter 18.32 RCW and licenses and registrations issued under chapter 18.260 RCW;

(iv) The board of hearing and speech as established in chapter 18.35 RCW;

(v) The board of examiners for nursing home administrators as established in chapter 18.52 RCW;

(vi) The optometry board as established in chapter 18.54 RCW governing licenses issued under chapter 18.53 RCW;

(vii) The board of osteopathic medicine and surgery as established in chapter 18.57 RCW governing licenses issued under chapters 18.57 and 18.57A RCW;

(viii) The board of pharmacy as established in chapter 18.64 RCW governing licenses issued under chapters 18.64 and 18.64A RCW;

(ix) The medical quality assurance commission as established in chapter 18.71 RCW governing licenses and registrations issued under chapters 18.71 and 18.71A RCW;

(x) The board of physical therapy as established in chapter 18.74 RCW;

(xi) The board of occupational therapy practice as established in chapter 18.59 RCW;

(xii) The nursing care quality assurance commission as established in chapter 18.79 RCW governing licenses and registrations issued under that chapter;

(xiii) The examining board of psychology and its disciplinary committee as established in chapter 18.83 RCW; and

(xiv) The veterinary board of governors as established in chapter 18.92 RCW.

(3) In addition to the authority to discipline license holders, the disciplining authority has the authority to grant or deny licenses ~~((based on the conditions and criteria established in this chapter and the chapters specified in subsection (2) of this section. This chapter also governs any investigation, hearing, or proceeding relating to denial of licensure or issuance of a license conditioned on the applicant's compliance with an order entered pursuant to RCW 18.130.160 by)).~~ The disciplining authority may also grant a license subject to conditions.

(4) All disciplining authorities shall adopt procedures to ensure substantially consistent application of this chapter, the Uniform Disciplinary Act, among the disciplining authorities listed in subsection (2) of this section.

NEW SECTION. Sec. 19. A new section is added to chapter 18.130 RCW to read as follows:

(1) The disciplining authority may deny an application for licensure or grant a license with conditions if the applicant:

(a) Has had his or her license to practice any health care profession suspended, revoked, or restricted, by competent authority in any state, federal, or foreign jurisdiction;

(b) Has committed any act defined as unprofessional conduct for a license holder under RCW 18.130.180;

(c) Has been convicted or is subject to current prosecution or pending charges of a crime involving moral turpitude or a crime identified in RCW 43.43.830. For purposes of this section, conviction includes all instances in which a plea of guilty or nolo contendere is the basis for the conviction and all proceedings in which the prosecution or sentence has been deferred or suspended. At the request of an applicant for an original license whose conviction is under appeal, the disciplining authority may defer decision upon the application during the pendency of such a prosecution or appeal;

(d) Fails to prove that he or she is qualified in accordance with the provisions of this chapter, the chapters identified in RCW 18.130.040(2), or the rules adopted by the disciplining authority; or

(e) Is not able to practice with reasonable skill and safety to consumers by reason of any mental or physical condition.

(i) The disciplining authority may require the applicant, at his or her own expense, to submit to a mental, physical, or psychological examination by one or more licensed health professionals designated by the disciplining authority. The disciplining authority shall provide written notice of its requirement for a mental or physical examination that includes a statement of the specific conduct, event, or circumstances justifying an examination and a statement of the nature, purpose, scope, and content of the intended examination. If the applicant fails to submit to the examination or provide the results of the examination or any required waivers, the disciplining authority may deny the application.

(ii) An applicant governed by this chapter is deemed to have given consent to submit to a mental, physical, or psychological examination when directed in writing by the disciplining authority and further to have waived all objections to the admissibility or use of the examining health professional's testimony or examination reports by the disciplining authority on the grounds that the testimony or reports constitute privileged communications.

(2) The provisions of RCW 9.95.240 and chapter 9.96A RCW do not apply to a decision to deny a license under this section.

(3) The disciplining authority shall give written notice to the applicant of the decision to deny a license or grant a license with conditions in response to an application for a license. The notice must state the grounds and factual basis for the action and be served upon the applicant.

(4) A license applicant who is aggrieved by the decision to deny the license or grant the license with conditions has the right to an adjudicative proceeding. The application for adjudicative proceeding must be in writing, state the basis for contesting the adverse action, include a copy of the adverse notice, and be served on and received by the department within twenty-eight days of the decision. The license applicant has the burden to establish, by a preponderance of evidence, that the license applicant is qualified in accordance with the provisions of this chapter, the chapters identified in RCW 18.130.040(2), and the rules adopted by the disciplining authority.

NEW SECTION. Sec. 20. A new section is added to chapter 18.130 RCW to read as follows:

(1)(a) A licensee must produce documents, records, or other items that are within his or her possession or control within twenty-one calendar days of service of a request by a disciplining authority. If the twenty-one calendar day limit results in a hardship upon the licensee, he or she may request, for good cause, an extension not to exceed thirty additional calendar days.

(b) In the event the licensee fails to produce the documents, records, or other items as requested by the disciplining authority or fails to obtain an extension of the time for response, the disciplining authority may issue a written citation and assess a fine of up to one hundred dollars per day for each day after the issuance of the citation until the documents, records, or other items are produced.

(c) In no event may the administrative fine assessed by the disciplining authority exceed five thousand dollars for each investigation made with respect to the violation.

(2) Citations issued under this section must include the following:

(a) A statement that the citation represents a determination that the person named has failed to produce documents, records, or other items as required by this section and that the determination is final unless contested as provided in this section;

(b) A statement of the specific circumstances;

(c) A statement of the monetary fine, which is up to one hundred dollars per day for each day after the issuance of the citation;

(d) A statement informing the licensee that if the licensee desires a hearing to contest the finding of a violation, the hearing must be requested by written notice to the disciplining authority within twenty days of the date of issuance of the citation. The hearing is limited to the issue of whether the licensee timely produced the requested documents, records, or other items or had good cause for failure to do so; and

(e) A statement that in the event a licensee fails to pay a fine within thirty days of the date of assessment, the full amount of the assessed fine must be added to the fee for renewal of the license unless the citation is being appealed.

(3) RCW 18.130.165 governs proof and enforcement of the fine.

(4) Administrative fines collected under this section must be deposited in the health professions account created in RCW 43.70.320.

(5) Issuance of a citation under this section does not preclude the disciplining authority from pursuing other action under this chapter.

(6) The disciplining authority shall establish and make available to licensees the maximum daily monetary fine that may be issued under subsection (2)(c) of this section. The disciplining authority shall review the maximum fine on a regular basis, but at a minimum, each biennium.

Sec. 21. RCW 18.130.140 and 1984 c 279 s 14 are each amended to read as follows:

An individual who has been disciplined (~~(or)~~), whose license has been denied, or whose license has been granted with conditions by a disciplining authority may appeal the decision as provided in chapter 34.05 RCW.

Sec. 22. RCW 18.130.150 and 1997 c 58 s 831 are each amended to read as follows:

A person whose license has been suspended (~~(or revoked)~~) under this chapter may petition the disciplining authority for reinstatement after an interval as determined by the disciplining authority in the order unless the disciplining authority has found, pursuant to RCW 18.130.160, that the licensee can never be rehabilitated or can never regain the ability to practice with reasonable skill and safety. The disciplining authority shall hold hearings on the petition and may deny the petition or may order reinstatement and impose terms and conditions as provided in RCW 18.130.160 and issue an order of reinstatement. The disciplining authority may require successful completion of an examination as a condition of reinstatement.

A person whose license has been suspended for noncompliance with a support order or (~~(a residential or)~~) visitation order under RCW 74.20A.320 may

petition for reinstatement at any time by providing the secretary a release issued by the department of social and health services stating that the person is in compliance with the order. If the person has continued to meet all other requirements for reinstatement during the suspension, the secretary shall automatically reissue the person's license upon receipt of the release, and payment of a reinstatement fee, if any.

Sec. 23. RCW 18.130.165 and 1993 c 367 s 20 are each amended to read as follows:

Where an order for payment of a fine is made as a result of a citation under section 20 of this act or a hearing under RCW 18.130.100 or 18.130.190 and timely payment is not made as directed in the final order, the disciplining authority may enforce the order for payment in the superior court in the county in which the hearing was held. This right of enforcement shall be in addition to any other rights the disciplining authority may have as to any licensee ordered to pay a fine but shall not be construed to limit a licensee's ability to seek judicial review under RCW 18.130.140.

In any action for enforcement of an order of payment of a fine, the disciplining authority's order is conclusive proof of the validity of the order of payment of a fine and the terms of payment.

Sec. 24. RCW 18.130.172 and 2000 c 171 s 29 are each amended to read as follows:

(1) Prior to serving a statement of charges under RCW 18.130.090 or 18.130.170, the disciplinary authority may furnish a statement of allegations to the licensee (~~(or applicant)~~) along with a detailed summary of the evidence relied upon to establish the allegations and a proposed stipulation for informal resolution of the allegations. These documents shall be exempt from public disclosure until such time as the allegations are resolved either by stipulation or otherwise.

(2) The disciplinary authority and the (~~(applicant or)~~) licensee may stipulate that the allegations may be disposed of informally in accordance with this subsection. The stipulation shall contain a statement of the facts leading to the filing of the complaint; the act or acts of unprofessional conduct alleged to have been committed or the alleged basis for determining that the (~~(applicant or)~~) licensee is unable to practice with reasonable skill and safety; a statement that the stipulation is not to be construed as a finding of either unprofessional conduct or inability to practice; an acknowledgment that a finding of unprofessional conduct or inability to practice, if proven, constitutes grounds for discipline under this chapter; and an agreement on the part of the licensee (~~(or applicant)~~) that the sanctions set forth in RCW 18.130.160, except RCW 18.130.160 (1), (2), (6), and (8), may be imposed as part of the stipulation, except that no fine may be imposed but the licensee (~~(or applicant)~~) may agree to reimburse the disciplinary authority the costs of investigation and processing the complaint up to an amount not exceeding one thousand dollars per allegation; and an agreement on the part of the disciplinary authority to forego further disciplinary proceedings concerning the allegations. A stipulation entered into pursuant to this subsection shall not be considered formal disciplinary action.

(3) If the licensee (~~(or applicant)~~) declines to agree to disposition of the charges by means of a stipulation pursuant to subsection (2) of this section, the

disciplinary authority may proceed to formal disciplinary action pursuant to RCW 18.130.090 or 18.130.170.

(4) Upon execution of a stipulation under subsection (2) of this section by both the licensee (~~(or applicant)~~) and the disciplinary authority, the complaint is deemed disposed of and shall become subject to public disclosure on the same basis and to the same extent as other records of the disciplinary authority. Should the licensee (~~(or applicant)~~) fail to pay any agreed reimbursement within thirty days of the date specified in the stipulation for payment, the disciplinary authority may seek collection of the amount agreed to be paid in the same manner as enforcement of a fine under RCW 18.130.165.

Sec. 25. RCW 18.130.180 and 1995 c 336 s 9 are each amended to read as follows:

The following conduct, acts, or conditions constitute unprofessional conduct for any license holder (~~(or applicant)~~) under the jurisdiction of this chapter:

(1) The commission of any act involving moral turpitude, dishonesty, or corruption relating to the practice of the person's profession, whether the act constitutes a crime or not. If the act constitutes a crime, conviction in a criminal proceeding is not a condition precedent to disciplinary action. Upon such a conviction, however, the judgment and sentence is conclusive evidence at the ensuing disciplinary hearing of the guilt of the license holder (~~(or applicant)~~) of the crime described in the indictment or information, and of the person's violation of the statute on which it is based. For the purposes of this section, conviction includes all instances in which a plea of guilty or nolo contendere is the basis for the conviction and all proceedings in which the sentence has been deferred or suspended. Nothing in this section abrogates rights guaranteed under chapter 9.96A RCW;

(2) Misrepresentation or concealment of a material fact in obtaining a license or in reinstatement thereof;

(3) All advertising which is false, fraudulent, or misleading;

(4) Incompetence, negligence, or malpractice which results in injury to a patient or which creates an unreasonable risk that a patient may be harmed. The use of a nontraditional treatment by itself shall not constitute unprofessional conduct, provided that it does not result in injury to a patient or create an unreasonable risk that a patient may be harmed;

(5) Suspension, revocation, or restriction of the individual's license to practice any health care profession by competent authority in any state, federal, or foreign jurisdiction, a certified copy of the order, stipulation, or agreement being conclusive evidence of the revocation, suspension, or restriction;

(6) The possession, use, prescription for use, or distribution of controlled substances or legend drugs in any way other than for legitimate or therapeutic purposes, diversion of controlled substances or legend drugs, the violation of any drug law, or prescribing controlled substances for oneself;

(7) Violation of any state or federal statute or administrative rule regulating the profession in question, including any statute or rule defining or establishing standards of patient care or professional conduct or practice;

(8) Failure to cooperate with the disciplining authority by:

(a) Not furnishing any papers (~~(or)~~), documents, records, or other items;

(b) Not furnishing in writing a full and complete explanation covering the matter contained in the complaint filed with the disciplining authority;

(c) Not responding to subpoenas issued by the disciplining authority, whether or not the recipient of the subpoena is the accused in the proceeding; or

(d) Not providing reasonable and timely access for authorized representatives of the disciplining authority seeking to perform practice reviews at facilities utilized by the license holder;

(9) Failure to comply with an order issued by the disciplining authority or a stipulation for informal disposition entered into with the disciplining authority;

(10) Aiding or abetting an unlicensed person to practice when a license is required;

(11) Violations of rules established by any health agency;

(12) Practice beyond the scope of practice as defined by law or rule;

(13) Misrepresentation or fraud in any aspect of the conduct of the business or profession;

(14) Failure to adequately supervise auxiliary staff to the extent that the consumer's health or safety is at risk;

(15) Engaging in a profession involving contact with the public while suffering from a contagious or infectious disease involving serious risk to public health;

(16) Promotion for personal gain of any unnecessary or inefficacious drug, device, treatment, procedure, or service;

(17) Conviction of any gross misdemeanor or felony relating to the practice of the person's profession. For the purposes of this subsection, conviction includes all instances in which a plea of guilty or nolo contendere is the basis for conviction and all proceedings in which the sentence has been deferred or suspended. Nothing in this section abrogates rights guaranteed under chapter 9.96A RCW;

(18) The procuring, or aiding or abetting in procuring, a criminal abortion;

(19) The offering, undertaking, or agreeing to cure or treat disease by a secret method, procedure, treatment, or medicine, or the treating, operating, or prescribing for any health condition by a method, means, or procedure which the licensee refuses to divulge upon demand of the disciplining authority;

(20) The willful betrayal of a practitioner-patient privilege as recognized by law;

(21) Violation of chapter 19.68 RCW;

(22) Interference with an investigation or disciplinary proceeding by willful misrepresentation of facts before the disciplining authority or its authorized representative, or by the use of threats or harassment against any patient or witness to prevent them from providing evidence in a disciplinary proceeding or any other legal action, or by the use of financial inducements to any patient or witness to prevent or attempt to prevent him or her from providing evidence in a disciplinary proceeding;

(23) Current misuse of:

(a) Alcohol;

(b) Controlled substances; or

(c) Legend drugs;

(24) Abuse of a client or patient or sexual contact with a client or patient;

(25) Acceptance of more than a nominal gratuity, hospitality, or subsidy offered by a representative or vendor of medical or health-related products or services intended for patients, in contemplation of a sale or for use in research publishable in professional journals, where a conflict of interest is presented, as defined by rules of the disciplining authority, in consultation with the department, based on recognized professional ethical standards.

Sec. 26. RCW 9.96A.020 and 1999 c 16 s 1 are each amended to read as follows:

(1) Subject to the exceptions in subsections (3) ~~((and (4)))~~ through (5) of this section, and unless there is another provision of law to the contrary, a person is not disqualified from employment by the state of Washington or any of its counties, cities, towns, municipal corporations, or quasi-municipal corporations, nor is a person disqualified to practice, pursue or engage in any occupation, trade, vocation, or business for which a license, permit, certificate or registration is required to be issued by the state of Washington or any of its counties, cities, towns, municipal corporations, or quasi-municipal corporations solely because of a prior conviction of a felony. However, this section does not preclude the fact of any prior conviction of a crime from being considered.

(2) A person may be denied employment by the state of Washington or any of its counties, cities, towns, municipal corporations, or quasi-municipal corporations, or a person may be denied a license, permit, certificate or registration to pursue, practice or engage in an occupation, trade, vocation, or business by reason of the prior conviction of a felony if the felony for which he or she was convicted directly relates to the position of employment sought or to the specific occupation, trade, vocation, or business for which the license, permit, certificate or registration is sought, and the time elapsed since the conviction is less than ten years. However, for positions in the county treasurer's office, a person may be disqualified from employment because of a prior guilty plea or conviction of a felony involving embezzlement or theft, even if the time elapsed since the guilty plea or conviction is ten years or more.

(3) A person is disqualified for any certificate required or authorized under chapters 28A.405 or 28A.410 RCW, because of a prior guilty plea or the conviction of a felony involving sexual exploitation of a child under chapter 9.68A RCW, sexual offenses under chapter 9A.44 RCW where a minor is the victim, promoting prostitution of a minor under chapter 9A.88 RCW, or a violation of similar laws of another jurisdiction, even if the time elapsed since the guilty plea or conviction is ten years or more.

(4) A person is disqualified from employment by school districts, educational service districts, and their contractors hiring employees who will have regularly scheduled unsupervised access to children, because of a prior guilty plea or conviction of a felony involving sexual exploitation of a child under chapter 9.68A RCW, sexual offenses under chapter 9A.44 RCW where a minor is the victim, promoting prostitution of a minor under chapter 9A.88 RCW, or a violation of similar laws of another jurisdiction, even if the time elapsed since the guilty plea or conviction is ten years or more.

(5) The provisions of this chapter do not apply to issuance of licenses or credentials for professions regulated under chapter 18.130 RCW.

(6) Subsections (3) and (4) of this section only apply to a person applying for a certificate or for employment on or after July 25, 1993. Subsection (5) of

this section only applies to a person applying for a license or credential on or after the effective date of this section.

Sec. 27. RCW 9.95.240 and 2003 c 66 s 1 are each amended to read as follows:

(1) Every defendant who has fulfilled the conditions of his or her probation for the entire period thereof, or who shall have been discharged from probation prior to the termination of the period thereof, may at any time prior to the expiration of the maximum period of punishment for the offense for which he or she has been convicted be permitted in the discretion of the court to withdraw his or her plea of guilty and enter a plea of not guilty, or if he or she has been convicted after a plea of not guilty, the court may in its discretion set aside the verdict of guilty; and in either case, the court may thereupon dismiss the information or indictment against such defendant, who shall thereafter be released from all penalties and disabilities resulting from the offense or crime of which he or she has been convicted. The probationer shall be informed of this right in his or her probation papers: PROVIDED, That in any subsequent prosecution, for any other offense, such prior conviction may be pleaded and proved, and shall have the same effect as if probation had not been granted, or the information or indictment dismissed.

(2)(a) After the period of probation has expired, the defendant may apply to the sentencing court for a vacation of the defendant's record of conviction under RCW 9.94A.640. The court may, in its discretion, clear the record of conviction if it finds the defendant has met the equivalent of the tests in RCW 9.94A.640(2) as those tests would be applied to a person convicted of a crime committed before July 1, 1984.

(b) The clerk of the court in which the vacation order is entered shall immediately transmit the order vacating the conviction to the Washington state patrol identification section and to the local police agency, if any, which holds criminal history information for the person who is the subject of the conviction. The Washington state patrol and any such local police agency shall immediately update their records to reflect the vacation of the conviction, and shall transmit the order vacating the conviction to the federal bureau of investigation. A conviction that has been vacated under this section may not be disseminated or disclosed by the state patrol or local law enforcement agency to any person, except other criminal justice enforcement agencies.

(3) This section does not apply to chapter 18.130 RCW.

Sec. 28. RCW 43.43.825 and 2006 c 99 s 8 are each amended to read as follows:

(1) Upon a guilty plea or conviction of a person for any felony crime involving homicide under chapter 9A.32 RCW, assault under chapter 9A.36 RCW, kidnapping under chapter 9A.40 RCW, ~~((~~¶~~))~~ sex offenses under chapter 9A.44 RCW, financial crimes under chapter 9A.60 RCW, violations of the uniform controlled substances act under chapter 69.50 RCW, any drug offense defined under RCW 9.94A.030, or a crime of any type classified as a felony under Washington state law, the prosecuting attorney shall notify the state patrol of such guilty pleas or convictions.

(2) When the state patrol receives information that a person has pled guilty to or been convicted of one of the felony crimes under subsection (1) of this

section, the state patrol shall transmit that information to the department of health. It is the duty of the department of health to identify whether the person holds a credential issued by a disciplining authority listed under RCW 18.130.040, and provide this information to the disciplining authority that issued the credential to the person who pled guilty or was convicted of a crime listed in subsection (1) of this section.

NEW SECTION. Sec. 29. A new section is added to chapter 18.71 RCW to read as follows:

(1) The commission shall conduct a pilot project to evaluate the effect of granting the commission additional authority over budget development, spending, and staffing. The pilot project shall begin on July 1, 2008, and conclude on June 30, 2013.

(2) The pilot project shall include the following provisions:

(a) That the secretary shall employ an executive director that is:

(i) Hired by and serves at the pleasure of the commission;

(ii) Exempt from the provisions of the civil service law, chapter 41.06 RCW and whose salary is established by the commission in accordance with RCW 43.03.028 and 42.17.370; and

(iii) Responsible for performing all administrative duties of the commission, including preparing an annual budget, and any other duties as delegated to the executive director by the commission;

(b) Consistent with the budgeting and accounting act:

(i) With regard to budget for the remainder of the 2007-2009 biennium, the commission has authority to spend the remaining funds allocated with respect to its professions, physicians regulated under this chapter and physician assistants regulated under chapter 18.71A RCW; and

(ii) Beginning with the 2009-2011 biennium, the commission is responsible for proposing its own biennial budget which the secretary must submit to the office of financial management;

(c) That, prior to adopting credentialing fees under RCW 43.70.250, the secretary shall collaborate with the commission to determine the appropriate fees necessary to support the activities of the commission;

(d) That, prior to the secretary exercising the secretary's authority to adopt uniform rules and guidelines, or any other actions that might impact the licensing or disciplinary authority of the commission, the secretary shall first meet with the commission to determine how those rules or guidelines, or changes to rules or guidelines, might impact the commission's ability to effectively carry out its statutory duties. If the commission, in consultation with the secretary, determines that the proposed rules or guidelines, or changes to existing rules or guidelines, will negatively impact the commission's ability to effectively carry out its statutory duties, then the individual commission shall collaborate with the secretary to develop alternative solutions to mitigate the impacts. If an alternative solution cannot be reached, the parties may resolve the dispute through a mediator as set forth in (f) of this subsection;

(e) That the commission shall negotiate with the secretary to develop performance-based expectations, including identification of key performance measures. The performance expectations should focus on consistent, timely regulation of health care professionals; and

(f) That in the event there is a disagreement between the commission and the secretary, that is unable to be resolved through negotiation, a representative of both parties shall agree on the designation of a third party to mediate the dispute.

(3) By December 15, 2013, the secretary, the commission, and the other commissions conducting similar pilot projects under sections 30 through 32 of this act, shall report to the governor and the legislature on the results of the pilot project. The report shall:

(a) Compare the effectiveness of licensing and disciplinary activities of each commission during the pilot project with the licensing and disciplinary activities of the commission prior to the pilot project and the disciplinary activities of other disciplining authorities during the same time period as the pilot project;

(b) Compare the efficiency of each commission with respect to the timeliness and personnel resources during the pilot project to the efficiency of the commission prior to the pilot project and the efficiency of other disciplining authorities during the same period as the pilot project;

(c) Compare the budgetary activity of each commission during the pilot project to the budgetary activity of the commission prior to the pilot project and to the budgetary activity of other disciplining authorities during the same period as the pilot project;

(d) Evaluate each commission's regulatory activities, including timelines, consistency of decision making, and performance levels in comparison to other disciplining authorities; and

(e) Review summaries of national research and data regarding regulatory effectiveness and patient safety.

(4) The secretary shall employ staff that are hired and managed by the executive director provided that nothing contained in this section may be construed to alter any existing collective bargaining unit or the provisions of any existing collective bargaining agreement.

NEW SECTION. Sec. 30. A new section is added to chapter 18.79 RCW to read as follows:

(1) The commission shall conduct a pilot project to evaluate the effect of granting the commission additional authority over budget development, spending, and staffing. The pilot project shall begin on July 1, 2008, and conclude on June 30, 2013.

(2) The pilot project shall include the following provisions:

(a) That the secretary shall employ an executive director that is:

(i) Hired by and serves at the pleasure of the commission;

(ii) Exempt from the provisions of the civil service law, chapter 41.06 RCW and whose salary is established by the commission in accordance with RCW 43.03.028 and 42.17.370; and

(iii) Responsible for performing all administrative duties of the commission, including preparing an annual budget, and any other duties as delegated to the executive director by the commission;

(b) Consistent with the budgeting and accounting act:

(i) With regard to budget for the remainder of the 2007-2009 biennium, the commission has authority to spend the remaining funds allocated with respect to advanced registered nurses, registered nurses, and licensed practical nurses regulated under this chapter; and

(ii) Beginning with the 2009-2011 biennium, the commission is responsible for proposing its own biennial budget which the secretary must submit to the office of financial management;

(c) That, prior to adopting credentialing fees under RCW 43.70.250, the secretary shall collaborate with the commission to determine the appropriate fees necessary to support the activities of the commission;

(d) That, prior to the secretary exercising the secretary's authority to adopt uniform rules and guidelines, or any other actions that might impact the licensing or disciplinary authority of the commission, the secretary shall first meet with the commission to determine how those rules or guidelines, or changes to rules or guidelines, might impact the commission's ability to effectively carry out its statutory duties. If the commission, in consultation with the secretary, determines that the proposed rules or guidelines, or changes to existing rules or guidelines, will negatively impact the commission's ability to effectively carry out its statutory duties, then the individual commission shall collaborate with the secretary to develop alternative solutions to mitigate the impacts. If an alternative solution cannot be reached, the parties may resolve the dispute through a mediator as set forth in (f) of this subsection;

(e) That the commission shall negotiate with the secretary to develop performance-based expectations, including identification of key performance measures. The performance expectations should focus on consistent, timely regulation of health care professionals; and

(f) That in the event there is a disagreement between the commission and the secretary, that is unable to be resolved through negotiation, a representative of both parties shall agree on the designation of a third party to mediate the dispute.

(3) By December 15, 2013, the secretary, the commission, and the other commissions conducting similar pilot projects under sections 29, 31, and 32 of this act, shall report to the governor and the legislature on the results of the pilot project. The report shall:

(a) Compare the effectiveness of licensing and disciplinary activities of each commission during the pilot project with the licensing and disciplinary activities of the commission prior to the pilot project and the disciplinary activities of other disciplining authorities during the same time period as the pilot project;

(b) Compare the efficiency of each commission with respect to the timeliness and personnel resources during the pilot project to the efficiency of the commission prior to the pilot project and the efficiency of other disciplining authorities during the same period as the pilot project;

(c) Compare the budgetary activity of each commission during the pilot project to the budgetary activity of the commission prior to the pilot project and to the budgetary activity of other disciplining authorities during the same period as the pilot project;

(d) Evaluate each commission's regulatory activities, including timelines, consistency of decision making, and performance levels in comparison to other disciplining authorities; and

(e) Review summaries of national research and data regarding regulatory effectiveness and patient safety.

(4) The secretary shall employ staff that are hired and managed by the executive director provided that nothing contained in this section may be

construed to alter any existing collective bargaining unit or the provisions of any existing collective bargaining agreement.

NEW SECTION. Sec. 31. A new section is added to chapter 18.25 RCW to read as follows:

(1) The commission may conduct a pilot project to evaluate the effect of granting the commission additional authority over budget development, spending, and staffing. If the commission intends to conduct a pilot project, it must provide a notice in writing to the secretary by June 1, 2008. If the commission chooses to conduct a pilot project, the pilot project shall begin on July 1, 2008, and conclude on June 30, 2013.

(2) The pilot project shall include the following provisions:

(a) That the secretary shall employ an executive director that is:

(i) Hired by and serves at the pleasure of the commission;

(ii) Exempt from the provisions of the civil service law, chapter 41.06 RCW and whose salary is established by the commission in accordance with RCW 43.03.028 and 42.17.370; and

(iii) Responsible for performing all administrative duties of the commission, including preparing an annual budget, and any other duties as delegated to the executive director by the commission;

(b) Consistent with the budgeting and accounting act:

(i) With regard to budget for the remainder of the 2007-2009 biennium, the commission has authority to spend the remaining funds allocated with respect to chiropractors licensed under this chapter; and

(ii) Beginning with the 2009-2011 biennium, the commission is responsible for proposing its own biennial budget which the secretary must submit to the office of financial management;

(c) That, prior to adopting credentialing fees under RCW 43.70.250, the secretary shall collaborate with the commission to determine the appropriate fees necessary to support the activities of the commission;

(d) That, prior to the secretary exercising the secretary's authority to adopt uniform rules and guidelines, or any other actions that might impact the licensing or disciplinary authority of the commission, the secretary shall first meet with the commission to determine how those rules or guidelines, or changes to rules or guidelines, might impact the commission's ability to effectively carry out its statutory duties. If the commission, in consultation with the secretary, determines that the proposed rules or guidelines, or changes to existing rules or guidelines, will negatively impact the commission's ability to effectively carry out its statutory duties, then the individual commission shall collaborate with the secretary to develop alternative solutions to mitigate the impacts. If an alternative solution cannot be reached, the parties may resolve the dispute through a mediator as set forth in (f) of this subsection;

(e) That the commission shall negotiate with the secretary to develop performance-based expectations, including identification of key performance measures. The performance expectations should focus on consistent, timely regulation of health care professionals; and

(f) That in the event there is a disagreement between the commission and the secretary, that is unable to be resolved through negotiation, a representative of both parties shall agree on the designation of a third party to mediate the dispute.

(3) By December 15, 2013, the secretary, the commission, and the other commissions conducting similar pilot projects under sections 29, 30, and 32 of this act, shall report to the governor and the legislature on the results of the pilot project. The report shall:

(a) Compare the effectiveness of licensing and disciplinary activities of each commission during the pilot project with the licensing and disciplinary activities of the commission prior to the pilot project and the disciplinary activities of other disciplining authorities during the same time period as the pilot project;

(b) Compare the efficiency of each commission with respect to the timeliness and personnel resources during the pilot project to the efficiency of the commission prior to the pilot project and the efficiency of other disciplining authorities during the same period as the pilot project;

(c) Compare the budgetary activity of each commission during the pilot project to the budgetary activity of the commission prior to the pilot project and to the budgetary activity of other disciplining authorities during the same period as the pilot project;

(d) Evaluate each commission's regulatory activities, including timelines, consistency of decision making, and performance levels in comparison to other disciplining authorities; and

(e) Review summaries of national research and data regarding regulatory effectiveness and patient safety.

(4) The secretary shall employ staff that are hired and managed by the executive director provided that nothing contained in this section may be construed to alter any existing collective bargaining unit or the provisions of any existing collective bargaining agreement.

NEW SECTION. Sec. 32. A new section is added to chapter 18.32 RCW to read as follows:

(1) The commission may conduct a pilot project to evaluate the effect of granting the commission additional authority over budget development, spending, and staffing. If the commission intends to conduct a pilot project, it must provide a notice in writing to the secretary by June 1, 2008. If the commission chooses to conduct a pilot project, the pilot project shall begin on July 1, 2008, and conclude on June 30, 2013.

(2) The pilot project shall include the following provisions:

(a) That the secretary shall employ an executive director that is:

(i) Hired by and serves at the pleasure of the commission;

(ii) Exempt from the provisions of the civil service law, chapter 41.06 RCW and whose salary is established by the commission in accordance with RCW 43.03.028 and 42.17.370; and

(iii) Responsible for performing all administrative duties of the commission, including preparing an annual budget, and any other duties as delegated to the executive director by the commission;

(b) Consistent with the budgeting and accounting act:

(i) With regard to budget for the remainder of the 2007-2009 biennium, the commission has authority to spend the remaining funds allocated with respect to its professions, dentists licensed under this chapter and expanded function dental auxiliaries and dental assistants regulated under chapter 18.260 RCW; and

(ii) Beginning with the 2009-2011 biennium, the commission is responsible for proposing its own biennial budget which the secretary must submit to the office of financial management;

(c) That, prior to adopting credentialing fees under RCW 43.70.250, the secretary shall collaborate with the commission to determine the appropriate fees necessary to support the activities of the commission;

(d) That, prior to the secretary exercising the secretary's authority to adopt uniform rules and guidelines, or any other actions that might impact the licensing or disciplinary authority of the commission, the secretary shall first meet with the commission to determine how those rules or guidelines, or changes to rules or guidelines, might impact the commission's ability to effectively carry out its statutory duties. If the commission, in consultation with the secretary, determines that the proposed rules or guidelines, or changes to existing rules or guidelines, will negatively impact the commission's ability to effectively carry out its statutory duties, then the individual commission shall collaborate with the secretary to develop alternative solutions to mitigate the impacts. If an alternative solution cannot be reached, the parties may resolve the dispute through a mediator as set forth in (f) of this subsection;

(e) That the commission shall negotiate with the secretary to develop performance-based expectations, including identification of key performance measures. The performance expectations should focus on consistent, timely regulation of health care professionals; and

(f) That in the event there is a disagreement between the commission and the secretary, that is unable to be resolved through negotiation, a representative of both parties shall agree on the designation of a third party to mediate the dispute.

(3) By December 15, 2013, the secretary, the commission, and the other commissions conducting similar pilot projects under sections 29 through 31 of this act, shall report to the governor and the legislature on the results of the pilot project. The report shall:

(a) Compare the effectiveness of licensing and disciplinary activities of each commission during the pilot project with the licensing and disciplinary activities of the commission prior to the pilot project and the disciplinary activities of other disciplining authorities during the same time period as the pilot project;

(b) Compare the efficiency of each commission with respect to the timeliness and personnel resources during the pilot project to the efficiency of the commission prior to the pilot project and the efficiency of other disciplining authorities during the same period as the pilot project;

(c) Compare the budgetary activity of each commission during the pilot project to the budgetary activity of the commission prior to the pilot project and to the budgetary activity of other disciplining authorities during the same period as the pilot project;

(d) Evaluate each commission's regulatory activities, including timelines, consistency of decision making, and performance levels in comparison to other disciplining authorities; and

(e) Review summaries of national research and data regarding regulatory effectiveness and patient safety.

(4) The secretary shall employ staff that are hired and managed by the executive director provided that nothing contained in this section may be

construed to alter any existing collective bargaining unit or the provisions of any existing collective bargaining agreement.

Sec. 33. RCW 18.71.0191 and 1994 sp.s. c 9 s 326 are each amended to read as follows:

Except as provided in section 29 of this act for the duration of the pilot project, the secretary of the department of health shall appoint, from a list of three names supplied by the commission, an executive director who shall act to carry out the provisions of this chapter. The secretary shall also employ such additional staff including administrative assistants, investigators, and clerical staff as are required to enable the commission to accomplish its duties and responsibilities. The executive director is exempt from the provisions of the civil service law, chapter 41.06 RCW, as now or hereafter amended.

Sec. 34. RCW 18.79.130 and 1994 sp.s. c 9 s 413 are each amended to read as follows:

Except as provided in section 30 of this act for the duration of the pilot project, the secretary shall appoint, after consultation with the commission, an executive director who shall act to carry out this chapter. The secretary shall also employ such professional, secretarial, clerical, and other assistants as may be necessary to effectively administer this chapter. The secretary shall fix the compensation and provide for travel expenses for the executive director and all such employees, in accordance with RCW 43.03.050 and 43.03.060.

NEW SECTION. **Sec. 35.** Sections 33 and 34 of this act expire June 30, 2013.

NEW SECTION. **Sec. 36.** Section 17 of this act expires July 1, 2008.

NEW SECTION. **Sec. 37.** Section 18 of this act takes effect July 1, 2008.

NEW SECTION. **Sec. 38.** 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. 39.** The code reviser is directed to put the defined terms in RCW 18.130.020 in alphabetical order.

****NEW SECTION. Sec. 40. Except for sections 2 and 18 of this act, which take effect July 1, 2008, and for section 12 of this act, which takes effect January 1, 2009, 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.***

***Sec. 40 was vetoed. See message at end of chapter.**

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 25, 2008, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State March 25, 2008.

Note: Governor's explanation of partial veto is as follows:

"I am returning, without my approval as to Section 40, Fourth Substitute House Bill 1103 entitled:

"AN ACT Relating to health professions."

This bill ensures that all health care providers in Washington State are well-qualified by strengthening the state's standards for credentialing and disciplining providers.

Section 40 is an emergency clause. Fourth Substitute House Bill 1103 increases the authority of regulators to remove health care practitioners who pose a risk to the public but does not necessitate an emergency clause. An emergency clause is to be used where it is necessary for the immediate preservation of the public peace, health or safety or whenever it is essential for the support of state government. I do not believe that an emergency clause is needed.

For this reason, I have vetoed Section 40 of Fourth Substitute House Bill 1103.

With the exception of Section 40, Fourth Substitute House Bill 1103 is approved."

CHAPTER 135

[Second Substitute House Bill 2674]

COUNSELOR CREDENTIALING STANDARDS

AN ACT Relating to modifying credentialing standards for counselors; amending RCW 18.19.020, 18.19.030, 18.19.040, 18.19.050, 18.19.060, 18.19.090, 18.19.100, 18.225.010, 18.225.020, 18.225.150, 18.205.020, 18.205.030, and 18.205.040; adding new sections to chapter 18.19 RCW; adding a new section to chapter 18.225 RCW; adding a new section to chapter 18.205 RCW; creating new sections; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 18.19.020 and 2001 c 251 s 18 are each amended to read as follows:

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

(1) "Agency" means an agency or facility operated, licensed, or certified by the state of Washington.

(2) "Agency affiliated counselor" means a person registered under this chapter who is engaged in counseling and employed by an agency.

(3) "Certified adviser" means a person certified under this chapter who is engaged in private practice counseling to the extent authorized in section 4 of this act.

(4) "Certified counselor" means a person certified under this chapter who is engaged in private practice counseling to the extent authorized in section 4 of this act.

(5) "Client" means an individual who receives or participates in counseling or group counseling.

~~((2))~~ (6) "Counseling" means employing any therapeutic techniques, including but not limited to social work, mental health counseling, marriage and family therapy, and hypnotherapy, for a fee that offer, assist or attempt to assist an individual or individuals in the amelioration or adjustment of mental, emotional, or behavioral problems, and includes therapeutic techniques to achieve sensitivity and awareness of self and others and the development of human potential. For the purposes of this chapter, nothing may be construed to imply that the practice of hypnotherapy is necessarily limited to counseling.

~~((3))~~ (7) "Counselor" means an individual, practitioner, therapist, or analyst who engages in the practice of counseling to the public for a fee, including for the purposes of this chapter, hypnotherapists.

~~((4))~~ (8) "Department" means the department of health.

~~((5))~~ (9) "Hypnotherapist" means a person registered under this chapter who is practicing hypnosis as a modality.

(10) "Private practice counseling" means the practice of counseling by a certified counselor or certified adviser as specified in section 4 of this act.

(11) "Psychotherapy" means the practice of counseling using diagnosis of mental disorders according to the fourth edition of the diagnostic and statistical manual of mental disorders, published in 1994, and the development of treatment plans for counseling based on diagnosis of mental disorders in accordance with established practice standards.

(12) "Secretary" means the secretary of the department or the secretary's designee.

Sec. 2. RCW 18.19.030 and 2001 c 251 s 19 are each amended to read as follows:

~~(No)~~ A person may not, ~~(for a fee or)~~ as a part of his or her position as an employee of a state agency, practice counseling without being registered to practice as an agency affiliated counselor by the department under this chapter unless exempt under RCW 18.19.040.

NEW SECTION. Sec. 3. A new section is added to chapter 18.19 RCW to read as follows:

A person may not, for a fee or as a part of his or her position as an employee of a state agency, practice hypnotherapy without being registered to practice as a hypnotherapist by the department under this chapter unless exempt under RCW 18.19.040.

NEW SECTION. Sec. 4. A new section is added to chapter 18.19 RCW to read as follows:

The scope of practice of certified counselors and certified advisers consists exclusively of the following:

(1) Appropriate screening of the client's level of functional impairment using the global assessment of functioning as described in the fourth edition of the diagnostic and statistical manual of mental disorders, published in 1994. Recognition of a mental or physical disorder or a global assessment of functioning score of sixty or less requires that the certified counselor or certified adviser refer the client to a physician, osteopathic physician, psychiatric registered nurse practitioner, or licensed mental health practitioner, as defined by the secretary, for diagnosis and treatment;

(2) Certified counselors and certified advisers may counsel and guide a client in adjusting to life situations, developing new skills, and making desired changes, in accordance with the theories and techniques of a specific counseling method and established practice standards, if the client has a global assessment of functioning score greater than sixty;

(3) Certified counselors may counsel and guide a client in adjusting to life situations, developing new skills, and making desired changes if the client has a global assessment of functioning score of sixty or less if:

(a) The client has been referred to the certified counselor by a physician, osteopathic physician, psychiatric registered nurse practitioner, or licensed mental health practitioner, as defined by the secretary, and care is provided as part of a plan of treatment developed by the referring practitioner who is actively

treating the client. The certified counselor must adhere to any conditions related to the certified counselor's role as specified in the plan of care; or

(b) The certified counselor referred the client to seek diagnosis and treatment from a physician, osteopathic physician, psychiatric registered nurse practitioner, or licensed mental health practitioner, as defined by the secretary, and the client refused, in writing, to seek treatment from the other provider. The certified counselor may provide services to the client consistent with a treatment plan developed by the certified counselor and the consultant or supervisor with whom the certified counselor has a written consultation or supervisory agreement. A certified counselor shall not be a sole treatment provider for a client with a global assessment of functioning score of less than fifty.

Sec. 5. RCW 18.19.040 and 2001 c 251 s 20 are each amended to read as follows:

Nothing in this chapter may be construed to prohibit or restrict:

(1) The practice of a profession by a person who is either registered, certified, licensed, or similarly regulated under the laws of this state and who is performing services within the person's authorized scope of practice, including any attorney admitted to practice law in this state when providing counseling incidental to and in the course of providing legal counsel;

(2) The practice of counseling by an employee or trainee of any federal agency, or the practice of counseling by a student of a college or university, if the employee, trainee, or student is practicing solely under the supervision of and accountable to the agency, college, or university, through which he or she performs such functions as part of his or her position for no additional fee other than ordinary compensation;

(3) The practice of counseling by a person (~~((without a mandatory charge))~~) for no compensation;

(4) The practice of counseling by persons offering services for public and private nonprofit organizations or charities not primarily engaged in counseling for a fee when approved by the organizations or agencies for whom they render their services;

(5) Evaluation, consultation, planning, policy-making, research, or related services conducted by social scientists for private corporations or public agencies;

(6) The practice of counseling by a person under the auspices of a religious denomination, church, or organization, or the practice of religion itself;

(7) The practice of counseling by peer counselors who use their own experience to encourage and support people with similar conditions or activities related to the training of peer counselors; and

(8) Counselors (~~(whose residency is not)~~) who reside outside Washington state from providing up to ten days per quarter of training or workshops in the state, as long as they (~~(don't)~~) do not hold themselves out to be registered or certified in Washington state.

Sec. 6. RCW 18.19.050 and 2001 c 251 s 21 are each amended to read as follows:

(1) In addition to any other authority provided by law, the secretary has the following authority:

(a) To adopt rules, in accordance with chapter 34.05 RCW, necessary to implement this chapter;

(b) To set all registration, certification, and renewal fees in accordance with RCW 43.70.250 and to collect and deposit all such fees in the health professions account established under RCW 43.70.320;

(c) To establish forms and procedures necessary to administer this chapter;

(d) To hire clerical, administrative, and investigative staff as needed to implement this chapter;

(e) To issue a registration or certification to any applicant who has met the requirements for registration or certification; and

(f) To ~~((develop a dictionary of recognized professions and occupations providing counseling services to the public included under this chapter))~~ establish education equivalency, examination, supervisory, consultation, and continuing education requirements for certified counselors and certified advisers.

(2) The uniform disciplinary act, chapter 18.130 RCW, governs the issuance and denial of registrations and certifications and the discipline of registrants under this chapter. The secretary shall be the disciplining authority under this chapter. ~~((The absence of educational or training requirements for counselors registered under this chapter or the counselor's use of nontraditional nonabusive therapeutic techniques shall not, in and of itself, give the secretary authority to unilaterally determine the training and competence or to define or restrict the scope of practice of such individuals.))~~

(3) The department shall publish and disseminate information ~~((in order))~~ to educate the public about the responsibilities of counselors, the types of counselors, and the rights and responsibilities of clients established under this chapter. ~~((Solely for the purposes of administering this education requirement,))~~ The secretary ((shall)) may assess an additional fee for each application and renewal((, equal to five percent of the fee. The revenue collected from the assessment fee may be appropriated by the legislature for the department's use in educating consumers pursuant to this section. The authority to charge the assessment fee shall terminate on June 30, 1994)) to fund public education efforts under this section.

Sec. 7. RCW 18.19.060 and 2001 c 251 s 22 are each amended to read as follows:

~~((Persons registered under this chapter))~~ Certified counselors and certified advisers shall provide clients at the commencement of any program of treatment with accurate disclosure information concerning their practice, in accordance with guidelines developed by the department, that will inform clients of the purposes of and resources available under this chapter, including the right of clients to refuse treatment, the responsibility of clients for choosing the provider and treatment modality which best suits their needs, and the extent of confidentiality provided by this chapter, the department, another agency, or other jurisdiction. The disclosure statement must inform the client of the certified counselor's or certified adviser's consultation arrangement or supervisory agreement as defined in rules adopted by the secretary. The disclosure information provided by the certified counselor or certified adviser, the receipt of which shall be acknowledged in writing by the certified counselor or certified adviser and the client, shall include any relevant education and training, the

therapeutic orientation of the practice, the proposed course of treatment where known, any financial requirements, referral resources, and such other information as the department may require by rule. The disclosure information shall also include a statement that ~~((registration))~~ the certification of an individual under this chapter does not include a recognition of any practice standards, nor necessarily imply the effectiveness of any treatment. Certified counselors and certified advisers must also disclose that they are not credentialed to diagnose mental disorders or to conduct psychotherapy as defined by the secretary by rule. The client is not liable for any fees or charges for services rendered prior to receipt of the disclosure statement.

Sec. 8. RCW 18.19.090 and 1991 c 3 s 24 are each amended to read as follows:

~~((The secretary shall issue a registration to any applicant who submits, on forms provided by the secretary, the applicant's name, address, occupational title, name and location of business, and other information as determined by the secretary, including information necessary to determine whether there are grounds for denial of registration or issuance of a conditional registration under this chapter or chapter 18.130 RCW. Applicants for registration shall register as counselors or may register as hypnotherapists if employing hypnosis as a modality. Applicants shall, in addition, provide in their titles a description of their therapeutic orientation, discipline, theory, or technique.))~~ (1) Application for agency affiliated counselor, certified counselor, certified adviser, or hypnotherapist must be made on forms approved by the secretary. The secretary may require information necessary to determine whether applicants meet the qualifications for the credential and whether there are any grounds for denial of the credential, or for issuance of a conditional credential, under this chapter or chapter 18.130 RCW. The application for agency affiliated counselor, certified counselor, or certified adviser must include a description of the applicant's orientation, discipline, theory, or technique. Each applicant shall pay a fee determined by the secretary as provided in RCW 43.70.250, which shall accompany the application.

(2) Applicants for agency affiliated counselor must provide satisfactory documentation that they are employed by an agency or have an offer of employment from an agency.

(3) At the time of application for initial certification, applicants for certified counselor prior to July 1, 2010, are required to:

(a) Have been registered for no less than five years at the time of application for an initial certification;

(b) Have held a valid, active registration that is in good standing and be in compliance with any disciplinary process and orders at the time of application for an initial certification;

(c) Show evidence of having completed course work in risk assessment, ethics, appropriate screening and referral, and Washington state law and other subjects identified by the secretary;

(d) Pass an examination in risk assessment, ethics, appropriate screening and referral, and Washington state law, and other subjects as determined by the secretary; and

(e) Have a written consultation agreement with a credential holder who meets the qualifications established by the secretary.

(4) Unless eligible for certification under subsection (3) of this section, applicants for certified counselor or certified adviser are required to:

(a)(i) Have a bachelor's degree in a counseling-related field, if applying for certified counselor; or

(ii) Have an associate degree in a counseling-related field and a supervised internship, if applying for certified adviser;

(b) Pass an examination in risk assessment, ethics, appropriate screening and referral, and Washington state law, and other subjects as determined by the secretary; and

(c) Have a written supervisory agreement with a supervisor who meets the qualifications established by the secretary.

(5) Each applicant shall include payment of the fee determined by the secretary as provided in RCW 43.70.250.

NEW SECTION. Sec. 9. A new section is added to chapter 18.19 RCW to read as follows:

Agency affiliated counselors shall notify the department if they are either no longer employed by the agency identified on their application or are now employed with another agency, or both. Agency affiliated counselors may not engage in the practice of counseling unless they are currently affiliated with an agency.

Sec. 10. RCW 18.19.100 and 1996 c 191 s 5 are each amended to read as follows:

The secretary shall establish administrative procedures, administrative requirements, continuing education, and fees for renewal of ~~((registrations))~~ credentials as provided in RCW 43.70.250 and 43.70.280. When establishing continuing education requirements for agency affiliated counselors, the secretary shall consult with the appropriate state agency director responsible for licensing, certifying, or operating the relevant agency practice setting.

Sec. 11. RCW 18.225.010 and 2001 c 251 s 1 are each amended to read as follows:

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

(1) "Advanced social work" means the application of social work theory and methods including emotional and biopsychosocial assessment, psychotherapy under the supervision of a licensed independent clinical social worker, case management, consultation, advocacy, counseling, and community organization.

(2) "Applicant" means a person who completes the required application, pays the required fee, is at least eighteen years of age, and meets any background check requirements and uniform disciplinary act requirements.

(3) "Associate" means a prelicensure candidate who has a graduate degree in a mental health field under RCW 18.225.090 and is gaining the supervision and supervised experience necessary to become a licensed independent clinical social worker, a licensed advanced social worker, a licensed mental health counselor, or a licensed marriage and family therapist.

(4) "Committee" means the Washington state mental health counselors, marriage and family therapists, and social workers advisory committee.

~~((4))~~ (5) "Department" means the department of health.

~~((5))~~ (6) "Disciplining authority" means the department.

~~((6))~~ (7) "Independent clinical social work" means the diagnosis and treatment of emotional and mental disorders based on knowledge of human development, the causation and treatment of psychopathology, psychotherapeutic treatment practices, and social work practice as defined in advanced social work. Treatment modalities include but are not limited to diagnosis and treatment of individuals, couples, families, groups, or organizations.

~~((7))~~ (8) "Marriage and family therapy" means the diagnosis and treatment of mental and emotional disorders, whether cognitive, affective, or behavioral, within the context of relationships, including marriage and family systems. Marriage and family therapy involves the professional application of psychotherapeutic and family systems theories and techniques in the delivery of services to individuals, couples, and families for the purpose of treating such diagnosed nervous and mental disorders. The practice of marriage and family therapy means the rendering of professional marriage and family therapy services to individuals, couples, and families, singly or in groups, whether such services are offered directly to the general public or through organizations, either public or private, for a fee, monetary or otherwise.

~~((8))~~ (9) "Mental health counseling" means the application of principles of human development, learning theory, psychotherapy, group dynamics, and etiology of mental illness and dysfunctional behavior to individuals, couples, families, groups, and organizations, for the purpose of treatment of mental disorders and promoting optimal mental health and functionality. Mental health counseling also includes, but is not limited to, the assessment, diagnosis, and treatment of mental and emotional disorders, as well as the application of a wellness model of mental health.

~~((9))~~ (10) "Secretary" means the secretary of health or the secretary's designee.

Sec. 12. RCW 18.225.020 and 2001 c 251 s 2 are each amended to read as follows:

A person must not represent himself or herself as a licensed advanced social worker, a licensed independent clinical social worker, a licensed mental health counselor, ~~((10))~~ a licensed marriage and family therapist, a licensed social work associate—advanced, a licensed social work associate—~~independent clinical,~~ a licensed mental health counselor associate, or a licensed marriage and family therapist associate, without being licensed by the department.

NEW SECTION. **Sec. 13.** A new section is added to chapter 18.225 RCW to read as follows:

(1) The secretary shall issue an associate license to any applicant who demonstrates to the satisfaction of the secretary that the applicant meets the following requirements for the applicant's practice area and submits a declaration that the applicant is working toward full licensure in that category:

(a) Licensed social worker associate—advanced or licensed social worker associate—~~independent clinical~~: Graduation from a master's degree or doctoral degree educational program in social work accredited by the council on social work education and approved by the secretary based upon nationally recognized standards.

(b) Licensed mental health counselor associate: Graduation from a master's degree or doctoral degree educational program in mental health counseling or a related discipline from a college or university approved by the secretary based upon nationally recognized standards.

(c) Licensed marriage and family therapist associate: Graduation from a master's degree or doctoral degree educational program in marriage and family therapy or graduation from an educational program in an allied field equivalent to a master's degree or doctoral degree in marriage and family therapy approved by the secretary based upon nationally recognized standards.

(2) Associates may not provide independent social work, mental health counseling, or marriage and family therapy for a fee, monetary or otherwise. Associates must work under the supervision of an approved supervisor.

(3) Associates shall provide each client or patient, during the first professional contact, with a disclosure form according to RCW 18.225.100, disclosing that he or she is an associate under the supervision of an approved supervisor.

(4) The department shall adopt by rule what constitutes adequate proof of compliance with the requirements of this section.

(5) Applicants are subject to the denial of a license or issuance of a conditional license for the reasons set forth in chapter 18.130 RCW.

(6) An associate license may be renewed no more than four times.

Sec. 14. RCW 18.225.150 and 2001 c 251 s 15 are each amended to read as follows:

The secretary shall establish by rule the procedural requirements and fees for renewal of a license or associate license. Failure to renew shall invalidate the license or associate license and all privileges granted by the license. If an associate license has lapsed, the person shall submit an updated declaration, in accordance with rules adopted by the department, that the person is working toward full licensure. If a license has lapsed for a period longer than three years, the person shall demonstrate competence to the satisfaction of the secretary by taking continuing education courses, or meeting other standards determined by the secretary. If an associate license has lapsed, the person shall submit an updated declaration, in accordance with rules adopted by the department, that the person is working toward full licensure.

Sec. 15. RCW 18.205.020 and 1998 c 243 s 2 are each amended to read as follows:

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

(1) "Certification" means a voluntary process recognizing an individual who qualifies by examination and meets established educational prerequisites, and which protects the title of practice.

(2) "Certified chemical dependency professional" means an individual certified in chemical dependency counseling, under this chapter.

(3) "Certified chemical dependency professional trainee" means an individual working toward the education and experience requirements for certification as a chemical dependency professional.

(4) "Chemical dependency counseling" means employing the core competencies of chemical dependency counseling to assist or attempt to assist an alcohol or drug addicted person to develop and maintain abstinence from alcohol and other mood-altering drugs.

~~((4))~~ (5) "Committee" means the chemical dependency certification advisory committee established under this chapter.

~~((5))~~ (6) "Core competencies of chemical dependency counseling" means competency in the nationally recognized knowledge, skills, and attitudes of professional practice, including assessment and diagnosis of chemical dependency, chemical dependency treatment planning and referral, patient and family education in the disease of chemical dependency, individual and group counseling with alcoholic and drug addicted individuals, relapse prevention counseling, and case management, all oriented to assist alcoholic and drug addicted patients to achieve and maintain abstinence from mood-altering substances and develop independent support systems.

~~((6))~~ (7) "Department" means the department of health.

~~((7))~~ (8) "Health profession" means a profession providing health services regulated under the laws of this state.

~~((8))~~ (9) "Secretary" means the secretary of health or the secretary's designee.

Sec. 16. RCW 18.205.030 and 2000 c 171 s 41 are each amended to read as follows:

No person may represent oneself as a certified chemical dependency professional or certified chemical dependency professional trainee or use any title or description of services of a certified chemical dependency professional or certified chemical dependency professional trainee without applying for certification, meeting the required qualifications, and being certified by the department of health, unless otherwise exempted by this chapter.

Sec. 17. RCW 18.205.040 and 1998 c 243 s 4 are each amended to read as follows:

Nothing in this chapter shall be construed to authorize the use of the title "certified chemical dependency professional" or "certified chemical dependency professional trainee" when treating patients in settings other than programs approved under chapter 70.96A RCW.

NEW SECTION. Sec. 18. A new section is added to chapter 18.205 RCW to read as follows:

(1) The secretary shall issue a trainee certificate to any applicant who demonstrates to the satisfaction of the secretary that he or she is working toward the education and experience requirements in RCW 18.205.090.

(2) A trainee certified under this section shall submit to the secretary for approval a declaration, in accordance with rules adopted by the department, that he or she is enrolled in an approved education program and actively pursuing the experience requirements in RCW 18.205.090. This declaration must be updated with the trainee's annual renewal.

(3) A trainee certified under this section may practice only under the supervision of a certified chemical dependency professional. The first fifty hours of any face-to-face client contact must be under direct observation. All

remaining experience must be under supervision in accordance with rules adopted by the department.

(4) A certified chemical dependency professional trainee provides chemical dependency assessments, counseling, and case management with a state regulated agency and can provide clinical services to patients consistent with his or her education, training, and experience as approved by his or her supervisor.

(5) A trainee certification may only be renewed four times.

(6) Applicants are subject to denial of a certificate or issuance of a conditional certificate for the reasons set forth in chapter 18.130 RCW.

NEW SECTION. Sec. 19. A new section is added to chapter 18.19 RCW to read as follows:

The Washington state certified counselors and hypnotherapist advisory committee is established.

(1) The committee is comprised of seven members. Two committee members must be certified counselors or certified advisers. Two committee members must be hypnotherapists. Three committee members must be consumers and represent the public at large and may not hold any mental health care provider license, certification, or registration.

(2) Two committee members must be appointed for a term of one year, two committee members must be appointed for a term of two years, and three committee members must be appointed for a term of three years. Subsequent committee members must be appointed for terms of three years. A person may not serve as a committee member for more than two consecutive terms.

(3)(a) Each committee member must be a resident of the state of Washington.

(b) A committee member may not hold an office in a professional association for their profession.

(c) Advisory committee members may not be employed by the state of Washington.

(d) Each professional committee member must have been actively engaged in their profession for five years immediately preceding appointment.

(e) The consumer committee members must represent the general public and be unaffiliated directly or indirectly with the professions credentialed under this chapter.

(4) The secretary shall appoint the committee members.

(5) Committee members are immune from suit in an action, civil or criminal, based on the department's disciplinary proceedings or other official acts performed in good faith.

(6) Committee members must be compensated in accordance with RCW 43.03.240, including travel expenses in carrying out his or her authorized duties in accordance with RCW 43.03.050 and 43.03.060.

(7) The committee shall elect a chair and vice-chair.

NEW SECTION. Sec. 20. To practice counseling, all registered counselors must obtain another health profession credential by July 1, 2010. The registered counselor credential is abolished July 1, 2010.

NEW SECTION. Sec. 21. Sections 1, 2, 7 through 9, and 11 through 19 of this act take effect July 1, 2009.

NEW SECTION. Sec. 22. The department of health may not issue any new registered counselor credentials after July 1, 2009.

NEW SECTION. Sec. 23. (1) The department of health shall report to the legislature and the governor by December 15, 2011, on:

(a) The number of registered counselors who become certified counselors or certified advisers;

(b) The number, status, type, and outcome of disciplinary actions involving certified counselors and certified advisers beginning on the effective date of this section; and

(c) The state of education equivalency, examination, supervisory, consultation, and continuing education requirements established under this act.

(2) The department of health shall also report on cost savings or expenditures to administer the provisions of this act and make recommendations regarding future reports or evaluations.

NEW SECTION. Sec. 24. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 136

[Substitute Senate Bill 6457]

ADVERSE HEALTH EVENTS REPORTING SYSTEM

AN ACT Relating to the adverse health events and incident reporting system; amending RCW 70.56.020, 70.56.040, and 70.56.050; reenacting and amending RCW 42.56.360 and 42.56.360; providing an effective date; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 70.56.020 and 2006 c 8 s 106 are each amended to read as follows:

(1) The legislature intends to establish an adverse health events and incident notification and reporting system that is designed to facilitate quality improvement in the health care system, improve patient safety, assist the public in making informed health care choices, and decrease medical errors in a nonpunitive manner. The notification and reporting system shall not be designed to punish errors by health care practitioners or health care facility employees.

(2) ~~((Each medical facility shall notify the department of health regarding the occurrence of any adverse event and file a subsequent report as provided in this section. Notification must be submitted to the department within forty-eight hours of confirmation by the medical facility that an adverse event has occurred. A subsequent report must be submitted to the department within forty-five days after confirmation by the medical facility that an adverse event has occurred.))~~
When a medical facility confirms that an adverse event has occurred, it shall submit to the department of health:

(a) Notification of the event, with the date, type of adverse event, and any additional contextual information the facility chooses to provide, within forty-eight hours; and

(b) A report regarding the event within forty-five days.

The notification and report shall be submitted to the department using the internet-based system established under RCW 70.56.040(2). A medical facility may amend the notification or report within sixty days of the submission.

(3) The notification and report shall be filed in a format specified by the department after consultation with medical facilities and the independent entity. The format shall identify the facility, but shall not include any identifying information for any of the health care professionals, facility employees, or patients involved. This provision does not modify the duty of a hospital to make a report to the department of health or a disciplinary authority if a licensed practitioner has committed unprofessional conduct as defined in RCW 18.130.180.

(4) As part of the report filed under subsection (2)(b) of this section, the medical facility must conduct a root cause analysis of the event, describe the corrective action plan that will be implemented consistent with the findings of the analysis, or provide an explanation of any reasons for not taking corrective action. The department shall adopt rules, in consultation with medical facilities and the independent entity, related to the form and content of the root cause analysis and corrective action plan. In developing the rules, consideration shall be given to existing standards for root cause analysis or corrective action plans adopted by the joint commission on accreditation of health facilities and other national or governmental entities.

(5) If, in the course of investigating a complaint received from an employee of a medical facility, the department determines that the facility has not ~~((reported))~~ provided notification of an adverse event or undertaken efforts to investigate the occurrence of an adverse event, the department shall direct the facility to ~~((report))~~ provide notification or to undertake an investigation of the event.

(6) The protections of RCW 43.70.075 apply to ~~((reports))~~ notifications of adverse events that are submitted in good faith by employees of medical facilities.

Sec. 2. RCW 70.56.040 and 2006 c 8 s 108 are each amended to read as follows:

(1) The department shall contract with a qualified, independent entity to receive notifications and reports of adverse events and incidents, and carry out the activities specified in this section. In establishing qualifications for, and choosing the independent entity, the department shall strongly consider the patient safety organization criteria included in the federal patient safety and quality improvement act of 2005, P.L. 109-41, and any regulations adopted to implement this chapter.

(2) The independent entity shall:

(a) In collaboration with the department of health, establish an internet-based system for medical facilities and the health care workers of a medical facility to submit notifications and reports of adverse events and incidents, which shall be accessible twenty-four hours a day, seven days a week. The system shall be a portal to report both adverse events and incidents, and

notifications and reports of adverse events shall be immediately transmitted to the department. The system shall be a secure system that protects the confidentiality of personal health information and provider and facility specific information submitted in notifications and reports, including appropriate encryption and an accurate means of authenticating the ~~((identify [identity]))~~ identity of users of the system. When the system becomes operational, medical facilities shall submit all notifications and reports by means of the system;

(b) Collect, analyze, and evaluate data regarding notifications and reports of adverse events and incidents, including the identification of performance indicators and patterns in frequency or severity at certain medical facilities or in certain regions of the state;

(c) Develop recommendations for changes in health care practices and procedures, which may be instituted for the purpose of reducing the number or severity of adverse events and incidents;

(d) Directly advise reporting medical facilities of immediate changes that can be instituted to reduce adverse events or incidents;

(e) Issue recommendations to medical facilities on a facility-specific or on a statewide basis regarding changes, trends, and improvements in health care practices and procedures for the purpose of reducing the number and severity of adverse events or incidents. Prior to issuing recommendations, consideration shall be given to the following factors: Expectation of improved quality of care, implementation feasibility, other relevant implementation practices, and the cost impact to patients, payers, and medical facilities. Statewide recommendations shall be issued to medical facilities on a continuing basis and shall be published and posted on a publicly accessible web site. The recommendations made to medical facilities under this section shall not be considered mandatory for licensure purposes unless they are adopted by the department as rules pursuant to chapter 34.05 RCW; and

(f) Monitor implementation of reporting systems addressing adverse events or their equivalent in other states and make recommendations to the governor and the legislature as necessary for modifications to this chapter to keep the system as nearly consistent as possible with similar systems in other states.

(3)(a) The independent entity shall report no later than January 1, 2008, and annually thereafter to the governor and the legislature on the activities under this chapter in the preceding year. The report shall include:

~~((a))~~ (i) The number of adverse events and incidents reported by medical facilities, in the aggregate, on a geographical basis, and ~~((their outcomes))~~ a summary of actions taken by facilities in response to the adverse events or incidents;

~~((b))~~ (ii) In the aggregate, the information derived from the data collected, including any recognized trends concerning patient safety; ~~(and~~

~~((c))~~ (iii) Recommendations for statutory or regulatory changes that may help improve patient safety in the state; and

(iv) Information, presented in the aggregate, to inform and educate consumers and providers, on best practices and prevention tools that medical facilities are implementing to prevent adverse events as well as other patient safety initiatives medical facilities are undertaking to promote patient safety.

(b) The annual report shall be made available for public inspection and shall be posted on the department's and the independent entity's web site.

(4) The independent entity shall conduct all activities under this section in a manner that preserves the confidentiality of facilities, documents, materials, or information made confidential by RCW 70.56.050.

(5) Medical facilities and health care workers may ~~((report))~~ provide notification of incidents to the independent entity. The ~~((report))~~ notification shall be filed in a format specified by the independent entity, after consultation with the department and medical facilities, and shall identify the facility but shall not include any identifying information for any of the health care professionals, facility employees, or patients involved. This provision does not modify the duty of a hospital to make a report to the department or a disciplinary authority if a licensed practitioner has committed unprofessional conduct as defined in RCW 18.130.180. The protections of RCW 43.70.075 apply to ~~((reports))~~ notifications of incidents that are submitted in good faith by employees of medical facilities.

Sec. 3. RCW 70.56.050 and 2006 c 8 s 110 are each amended to read as follows:

(1)~~(a)~~ When ((a notification or report of an adverse event or incident under RCW 70.56.020 or 70.56.040)) notification of an adverse event under RCW 70.56.020(2)(a) or of an incident under RCW 70.56.040(5), or a report regarding an adverse event under RCW 70.56.020(2)(b) is made by or through a coordinated quality improvement program under RCW 43.70.510 or 70.41.200, or by a peer review committee under RCW 4.24.250, information and documents, including complaints and incident reports, created specifically for and collected and maintained by a quality improvement committee for the purpose of preparing a notification ((or report)) of an adverse event or incident(; ~~and))~~ or a report regarding an adverse event, the ((notification or)) report itself, and the notification of an incident, shall be subject to the confidentiality protections of those laws and RCW ((42.17.310(1)(hh) and)) 42.56.360(1)(c).

(b) The notification of an adverse event under RCW 70.56.020(2)(a), shall be subject to public disclosure and not exempt from disclosure under chapter 42.56 RCW. Any public disclosure of an adverse event notification must include any contextual information the medical facility chose to provide under RCW 70.56.020(2)(a).

(2)~~(a)~~ When ((a notification or report of an adverse event or incident made by a health care worker under RCW 70.56.020 or 70.56.040)) notification of an adverse event under RCW 70.56.020(2)(a) or of an incident under RCW 70.56.040(5), or a report regarding an adverse event under RCW 70.56.020(2)(b), made by a health care worker uses information and documents, including complaints and incident reports, created specifically for and collected and maintained by a quality improvement committee under RCW 43.70.510 or 70.41.200 or a peer review committee under RCW 4.24.250, ((the)) a notification ((or)) of an incident, the report itself, and the information or documents used for the purpose of preparing ((the)) notifications or the report, shall be subject to the confidentiality protections of those laws and RCW ~~((42.17.310(1)(hh) and))~~ 42.56.360(1)(c).

(b) The notification of an adverse event under RCW 70.56.020(2)(a) shall be subject to public disclosure and not exempt from disclosure under chapter 42.56 RCW. Any public disclosure of an adverse event notification must include

any contextual information the medical facility chose to provide under RCW 70.56.020(2)(a).

Sec. 4. RCW 42.56.360 and 2007 c 261 s 4 and 2007 c 259 s 49 are each reenacted and amended to read as follows:

(1) The following health care information is exempt from disclosure under this chapter:

(a) Information obtained by the board of pharmacy as provided in RCW 69.45.090;

(b) Information obtained by the board of pharmacy or the department of health and its representatives as provided in RCW 69.41.044, 69.41.280, and 18.64.420;

(c) Information and documents created specifically for, and collected and maintained by a quality improvement committee under RCW 43.70.510 or 70.41.200, or by a peer review committee under RCW 4.24.250, or by a quality assurance committee pursuant to RCW 74.42.640 or 18.20.390, or by a hospital, as defined in RCW 43.70.056, ~~((and notifications or reports of adverse events or incidents made under RCW 70.56.020 or 70.56.040,))~~ a notification of an incident under RCW 70.56.040(5), and reports regarding adverse events under RCW 70.56.020(2)(b), regardless of which agency is in possession of the information and documents;

(d)(i) Proprietary financial and commercial information that the submitting entity, with review by the department of health, specifically identifies at the time it is submitted and that is provided to or obtained by the department of health in connection with an application for, or the supervision of, an antitrust exemption sought by the submitting entity under RCW 43.72.310;

(ii) If a request for such information is received, the submitting entity must be notified of the request. Within ten business days of receipt of the notice, the submitting entity shall provide a written statement of the continuing need for confidentiality, which shall be provided to the requester. Upon receipt of such notice, the department of health shall continue to treat information designated under this subsection (1)(d) as exempt from disclosure;

(iii) If the requester initiates an action to compel disclosure under this chapter, the submitting entity must be joined as a party to demonstrate the continuing need for confidentiality;

(e) Records of the entity obtained in an action under RCW 18.71.300 through 18.71.340;

(f) Except for published statistical compilations and reports relating to the infant mortality review studies that do not identify individual cases and sources of information, any records or documents obtained, prepared, or maintained by the local health department for the purposes of an infant mortality review conducted by the department of health under RCW 70.05.170;

(g) Complaints filed under chapter 18.130 RCW after July 27, 1997, to the extent provided in RCW 18.130.095(1); and

(h) Information obtained by the department of health under chapter 70.225 RCW.

(2) Chapter 70.02 RCW applies to public inspection and copying of health care information of patients.

Sec. 5. RCW 42.56.360 and 2007 c 273 s 25, 2007 c 261 s 4, and 2007 c 259 s 49 are each reenacted and amended to read as follows:

(1) The following health care information is exempt from disclosure under this chapter:

(a) Information obtained by the board of pharmacy as provided in RCW 69.45.090;

(b) Information obtained by the board of pharmacy or the department of health and its representatives as provided in RCW 69.41.044, 69.41.280, and 18.64.420;

(c) Information and documents created specifically for, and collected and maintained by a quality improvement committee under RCW 43.70.510, 70.230.080, or 70.41.200, or by a peer review committee under RCW 4.24.250, or by a quality assurance committee pursuant to RCW 74.42.640 or 18.20.390, or by a hospital, as defined in RCW 43.70.056, for reporting of health care-associated infections under RCW 43.70.056, ~~((and notifications or reports of adverse events or incidents made under RCW 70.56.020 or 70.56.040;))~~ a notification of an incident under RCW 70.56.040(5), and reports regarding adverse events under RCW 70.56.020(2)(b), regardless of which agency is in possession of the information and documents;

(d)(i) Proprietary financial and commercial information that the submitting entity, with review by the department of health, specifically identifies at the time it is submitted and that is provided to or obtained by the department of health in connection with an application for, or the supervision of, an antitrust exemption sought by the submitting entity under RCW 43.72.310;

(ii) If a request for such information is received, the submitting entity must be notified of the request. Within ten business days of receipt of the notice, the submitting entity shall provide a written statement of the continuing need for confidentiality, which shall be provided to the requester. Upon receipt of such notice, the department of health shall continue to treat information designated under this subsection (1)(d) as exempt from disclosure;

(iii) If the requester initiates an action to compel disclosure under this chapter, the submitting entity must be joined as a party to demonstrate the continuing need for confidentiality;

(e) Records of the entity obtained in an action under RCW 18.71.300 through 18.71.340;

(f) Except for published statistical compilations and reports relating to the infant mortality review studies that do not identify individual cases and sources of information, any records or documents obtained, prepared, or maintained by the local health department for the purposes of an infant mortality review conducted by the department of health under RCW 70.05.170;

(g) Complaints filed under chapter 18.130 RCW after July 27, 1997, to the extent provided in RCW 18.130.095(1); and

(h) Information obtained by the department of health under chapter 70.225 RCW.

(2) Chapter 70.02 RCW applies to public inspection and copying of health care information of patients.

NEW SECTION. **Sec. 6.** Section 4 of this act expires July 1, 2009.

NEW SECTION. **Sec. 7.** Section 5 of this act takes effect July 1, 2009.

Passed by the Senate February 14, 2008.
Passed by the House March 4, 2008.
Approved by the Governor March 25, 2008.
Filed in Office of Secretary of State March 25, 2008.

CHAPTER 137

[House Bill 2544]

TEMPORARY MEDICAL HOUSING—TAX EXEMPTIONS

AN ACT Relating to tax exemptions for temporary medical housing provided by health or social welfare organizations, as defined in RCW 82.04.431; amending RCW 82.04.431 and 36.100.040; adding a new section to chapter 82.08 RCW; adding a new section to chapter 67.28 RCW; adding a new section to chapter 67.40 RCW; adding a new section to chapter 35.101 RCW; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 82.04.431 and 1986 c 261 s 6 are each amended to read as follows:

(1) For the purposes of RCW 82.04.4297, 82.04.431, 82.08.02915, 82.12.02915, and section 2 of this act, the term "health or social welfare organization" means an organization, including any community action council, which renders health or social welfare services as defined in subsection (2) of this section, which is a not-for-profit corporation under chapter 24.03 RCW and which is managed by a governing board of not less than eight individuals none of whom is a paid employee of the organization or which is a corporation sole under chapter 24.12 RCW. Health or social welfare organization does not include a corporation providing professional services as authorized in chapter 18.100 RCW. In addition a corporation in order to be exempt under RCW 82.04.4297 shall satisfy the following conditions:

(a) No part of its income may be paid directly or indirectly to its members, stockholders, officers, directors, or trustees except in the form of services rendered by the corporation in accordance with its purposes and bylaws;

(b) Salary or compensation paid to its officers and executives must be only for actual services rendered, and at levels comparable to the salary or compensation of like positions within the public service of the state;

(c) Assets of the corporation must be irrevocably dedicated to the activities for which the exemption is granted and, on the liquidation, dissolution, or abandonment by the corporation, may not inure directly or indirectly to the benefit of any member or individual except a nonprofit organization, association, or corporation which also would be entitled to the exemption;

(d) The corporation must be duly licensed or certified where licensing or certification is required by law or regulation;

(e) The amounts received qualifying for exemption must be used for the activities for which the exemption is granted;

(f) Services must be available regardless of race, color, national origin, or ancestry; and

(g) The director of revenue shall have access to its books in order to determine whether the corporation is exempt from taxes within the intent of RCW 82.04.4297 and this section.

(2) The term "health or social welfare services" includes and is limited to:

- (a) Mental health, drug, or alcoholism counseling or treatment;
- (b) Family counseling;
- (c) Health care services;
- (d) Therapeutic, diagnostic, rehabilitative, or restorative services for the care of the sick, aged, or physically, developmentally, or emotionally-disabled individuals;
- (e) Activities which are for the purpose of preventing or ameliorating juvenile delinquency or child abuse, including recreational activities for those purposes;
- (f) Care of orphans or foster children;
- (g) Day care of children;
- (h) Employment development, training, and placement;
- (i) Legal services to the indigent;
- (j) Weatherization assistance or minor home repair for low-income homeowners or renters;
- (k) Assistance to low-income homeowners and renters to offset the cost of home heating energy, through direct benefits to eligible households or to fuel vendors on behalf of eligible households; ~~(and)~~
- (l) Community services to low-income individuals, families, and groups, which are designed to have a measurable and potentially major impact on causes of poverty in communities of the state; and
- (m) Temporary medical housing, as defined in section 2 of this act, if the housing is provided only:
 - (i) While the patient is receiving medical treatment at a hospital required to be licensed under RCW 70.41.090 or at an outpatient clinic associated with such hospital, including any period of recuperation or observation immediately following such medical treatment; and
 - (ii) By a person that does not furnish lodging or related services to the general public.

NEW SECTION. Sec. 2. A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of temporary medical housing by a health or social welfare organization, if the following conditions are met:

- (a) The temporary medical housing is provided only:
 - (i) While the patient is receiving medical treatment at: (A) A hospital required to be licensed under RCW 70.41.090; or (B) an outpatient clinic associated with such hospital; or
 - (ii) During any period of recuperation or observation immediately following medical treatment received by a patient at a facility in (a)(i)(A) or (B) of this subsection; and
- (b) The health or social welfare organization does not furnish lodging or related services to the general public.

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

- (a) "Health or social welfare organization" has the meaning provided in RCW 82.04.431; and
- (b) "Temporary medical housing" means transient lodging and related services provided to a patient or the patient's immediate family, legal guardian, or other persons necessary to the patient's mental or physical well-being.

NEW SECTION. Sec. 3. A new section is added to chapter 67.28 RCW to read as follows:

The taxes on lodging authorized under this chapter do not apply to sales of temporary medical housing exempt under section 2 of this act.

NEW SECTION. Sec. 4. A new section is added to chapter 67.40 RCW to read as follows:

The tax imposed in RCW 67.40.090 and the tax authorized under RCW 67.40.130 do not apply to sales of temporary medical housing exempt under section 2 of this act.

Sec. 5. RCW 36.100.040 and 2002 c 178 s 5 are each amended to read as follows:

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

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

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

(4) The tax imposed in this section does not apply to sales of temporary medical housing exempt under section 2 of this act.

NEW SECTION. Sec. 6. A new section is added to chapter 35.101 RCW to read as follows:

The lodging charge authorized in RCW 35.101.050 does not apply to temporary medical housing exempt under section 2 of this act.

NEW SECTION. Sec. 7. This act takes effect July 1, 2008.

Passed by the House February 13, 2008.

Passed by the Senate March 11, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 138

[Engrossed Substitute House Bill 1031]

ELECTRONIC COMMUNICATION DEVICES

AN ACT Relating to electronic communication devices; adding a new chapter to Title 19 RCW; creating new sections; and prescribing penalties.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that Washington state, from its inception, has recognized the importance of maintaining individual privacy. The legislature further finds that protecting the confidentiality and privacy of an individual's personal information, especially when collected from the individual without his or her knowledge or consent, is critical to maintaining the safety and well-being of its citizens. The legislature recognizes that inclusion of identification devices that broadcast data or enable data or information to be collected or scanned either secretly or remotely, or both, may greatly magnify the potential risk to individual privacy, safety, and economic well-being that can occur from unauthorized interception and use of personal information. The legislature further recognizes that these types of technologies, whether offered by the private sector or issued by the government, can be pervasive.

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

(1) "Identification device" means an item that uses radio frequency identification technology or facial recognition technology.

(2) "Person" means a natural person who resides in Washington.

(3) "Personal information" has the same meaning as in RCW 19.255.010.

(4) "Data" means personal information, numerical values associated with a person's facial features, or unique personal identifier numbers stored on an identification device.

(5) "Radio frequency identification" means a technology that uses radio waves to transmit data remotely to readers.

(6) "Reader" means a scanning device that is capable of using radio waves to communicate with an identification device and read the data transmitted by that identification device.

(7) "Remotely" means that no physical contact between the identification device and the reader is necessary in order to transmit data.

(8) "Unique personal identifier number" means a randomly assigned string of numbers or symbols that is encoded on the identification device and is intended to identify the identification device.

NEW SECTION. Sec. 3. A person that intentionally scans another person's identification device remotely, without that person's prior knowledge and prior consent, for the purpose of fraud, identity theft, or for any other illegal purpose, shall be guilty of a class C felony.

NEW SECTION. Sec. 4. If any provision of this act is found to be in conflict with federal law or regulations, the conflicting provision of this act is declared to be inoperative solely to the extent of the conflict, and that finding or determination shall not affect the operation of the remainder of this act.

NEW SECTION. Sec. 5. Sections 2 and 3 of this act constitute a new chapter in Title 19 RCW.

Passed by the House March 8, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 139

[Second Engrossed Substitute House Bill 1637]

REVISED UNIFORM ANATOMICAL GIFT ACT

AN ACT Relating to creating the revised uniform anatomical gift act; amending RCW 1.50.010, 46.12.510, 46.20.113, and 46.20.1131; adding a new chapter to Title 68 RCW; recodifying RCW 68.50.635 and 68.50.640; repealing RCW 68.50.500, 68.50.510, 68.50.520, 68.50.530, 68.50.540, 68.50.550, 68.50.560, 68.50.570, 68.50.580, 68.50.590, 68.50.600, 68.50.610, and 68.50.620; and prescribing penalties.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. This chapter may be cited as the revised uniform anatomical gift act.

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

(1) "Adult" means an individual who is at least eighteen years old.

(2) "Agent" means an individual:

(a) Authorized to make health care decisions on the principal's behalf by a power of attorney for health care; or

(b) Expressly authorized to make an anatomical gift on the principal's behalf by any other record signed by the principal.

(3) "Anatomical gift" means a donation of all or part of a human body to take effect after the donor's death for the purpose of transplantation, therapy, research, or education.

(4) "Decedent" means a deceased individual whose body or part is or may be the source of an anatomical gift.

(5) "Disinterested witness" means a witness other than the spouse or state registered domestic partner, child, parent, sibling, grandchild, grandparent, or guardian of the individual who makes, amends, revokes, or refuses to make an anatomical gift. The term does not include a person to which an anatomical gift could pass under section 11 of this act.

(6) "Document of gift" means a donor card or other record used to make an anatomical gift. The term includes a statement or symbol on a driver's license, identification card, or donor registry.

(7) "Donor" means an individual whose body or part is the subject of an anatomical gift.

(8) "Donor registry" means a database that contains records of anatomical gifts and amendments to or revocations of anatomical gifts.

(9) "Driver's license" means a license or permit issued by the department of licensing to operate a vehicle, whether or not conditions are attached to the license or permit.

(10) "Eye bank" means a person that is licensed, accredited, or regulated under federal or state law to engage in the recovery, screening, testing, processing, storage, or distribution of human eyes or portions of human eyes.

(11) "Guardian" means a person appointed by a court to make decisions regarding the support, care, education, health, or welfare of an individual. The term does not include a guardian ad litem.

(12) "Hospital" means a facility licensed as a hospital under the law of any state or a facility operated as a hospital by the United States, a state, or a subdivision of a state.

(13) "Identification card" means an identification card issued by the department of licensing.

(14) "Know" means to have actual knowledge.

(15) "Minor" means an individual who is less than eighteen years old.

(16) "Organ procurement organization" means a person designated by the secretary of the United States department of health and human services as an organ procurement organization.

(17) "Parent" means a parent whose parental rights have not been terminated.

(18) "Part" means an organ, an eye, or tissue of a human being. The term does not include the whole body.

(19) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(20) "Physician" means an individual licensed or otherwise authorized to practice medicine and surgery or osteopathic medicine and surgery under the law of any state.

(21) "Procurement organization" means an eye bank, organ procurement organization, or tissue bank.

(22) "Prospective donor" means an individual whose death is imminent and has been determined by a procurement organization to have a part that could be medically suitable for transplantation, therapy, research, or education. "Prospective donor" does not include an individual who has made a refusal.

(23) "Reasonable costs" include: (a) Programming and software installation and upgrades; (b) employee training that is specific to the organ and tissue donor registry or the donation program created in RCW 46.12.510; (c) literature that is specific to the organ and tissue donor registry or the donation program created in RCW 46.12.510; and (d) hardware upgrades or other issues important to the organ and tissue donor registry or the donation program created in RCW 46.12.510 that have been mutually agreed upon in advance by the department of licensing and the Washington state organ procurement organizations.

(24) "Reasonably available" means able to be contacted by a procurement organization without undue effort and willing and able to act in a timely manner consistent with existing medical criteria necessary for the making of an anatomical gift.

(25) "Recipient" means an individual into whose body a decedent's part has been or is intended to be transplanted.

(26) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(27) "Refusal" means a record created under section 7 of this act that expressly states an intent to bar other persons from making an anatomical gift of an individual's body or part.

(28) "Sign" means, with the present intent to authenticate or adopt a record:

(a) To execute or adopt a tangible symbol; or

(b) To attach to or logically associate with the record an electronic symbol, sound, or process.

(29) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(30) "Technician" means an individual determined to be qualified to remove or process parts by an appropriate organization that is licensed, accredited, or regulated under federal or state law. The term includes an enucleator.

(31) "Tissue" means a portion of the human body other than an organ or an eye. The term does not include blood unless the blood is donated for the purpose of research or education.

(32) "Tissue bank" means a person that is licensed to conduct business in this state, accredited, and regulated under federal or state law to engage in the recovery, screening, testing, processing, storage, or distribution of tissue.

(33) "Transplant hospital" means a hospital that furnishes organ transplants and other medical and surgical specialty services required for the care of transplant patients.

(34) "Washington state organ procurement organization" means an organ procurement organization that has been designated by the United States department of health and human services to coordinate organ procurement activities for any portion of Washington state.

NEW SECTION. Sec. 3. This chapter applies to an anatomical gift or amendment to, revocation of, or refusal to make an anatomical gift, whenever made.

NEW SECTION. Sec. 4. Subject to section 8 of this act, an anatomical gift of a donor's body or part may be made during the life of the donor in the manner provided in section 5 of this act by:

- (1) The donor, if the donor is an adult or if the donor is a minor and is:
 - (a) Emancipated; or
 - (b) Authorized under state law to apply for a driver's license because the donor is at least fifteen and one-half years old;
- (2) An agent of the donor, unless the power of attorney for health care or other record prohibits the agent from making an anatomical gift;
- (3) A parent of the donor, if the donor is an unemancipated minor; provided, however, that an anatomical gift made pursuant to this subsection shall cease to be valid once the donor becomes either an emancipated minor or an adult; or
- (4) The donor's guardian.

NEW SECTION. Sec. 5. (1) A donor may make an anatomical gift:

- (a) By authorizing a statement or symbol indicating that the donor has made an anatomical gift to be imprinted on the donor's driver's license or identification card;
- (b) In a will;
- (c) During a terminal illness or injury of the donor, by any form of communication addressed to at least two adults, at least one of whom is a disinterested witness; or
- (d) As provided in subsection (2) of this section.

(2) A donor or other person authorized to make an anatomical gift under section 4 of this act may make a gift by a donor card or other record signed by the donor or other person making the gift or by authorizing that a statement or symbol indicating that the donor has made an anatomical gift be included on a

donor registry. If the donor or other person is physically unable to sign a record, the record may be signed by another individual at the direction of the donor or other person and must:

(a) Be witnessed by at least two adults, at least one of whom is a disinterested witness, who have signed at the request of the donor or the other person; and

(b) State that it has been signed and witnessed as provided in (a) of this subsection.

(3) Revocation, suspension, expiration, or cancellation of a driver's license or identification card through which an anatomical gift has been made does not invalidate the gift.

(4) An anatomical gift made by will takes effect upon the donor's death whether or not the will is probated. Invalidation of the will after the donor's death does not invalidate the gift.

NEW SECTION. Sec. 6. (1) Subject to section 8 of this act, a donor or other person authorized to make an anatomical gift under section 4 of this act may amend or revoke an anatomical gift by:

(a) A record signed by:

(i) The donor;

(ii) The other person; or

(iii) Subject to subsection (2) of this section, another individual acting at the direction of the donor or the other person if the donor or other person is physically unable to sign; or

(b) A later-executed document of gift that amends or revokes a previous anatomical gift or portion of an anatomical gift, either expressly or by inconsistency.

(2) A record signed pursuant to subsection (1)(a)(iii) of this section must:

(a) Be witnessed by at least two adults, at least one of whom is a disinterested witness, who have signed at the request of the donor or the other person; and

(b) State that it has been signed and witnessed as provided in (a) of this subsection.

(3) Subject to section 8 of this act, a donor or other person authorized to make an anatomical gift under section 4 of this act may revoke an anatomical gift by the destruction or cancellation of the document of gift, or the portion of the document of gift used to make the gift, with the intent to revoke the gift. The donor or other person shall notify the Washington organ procurement organization of the destruction or cancellation of the document of gift for the purpose of removing the individual's name from the organ and tissue donor registry created in RCW 68.50.635 (as recodified by this act). If the Washington state organ procurement organization that is notified does not maintain a registry for Washington residents, it shall notify all Washington state procurement organizations that do maintain such a registry.

(4) A donor may amend or revoke an anatomical gift that was not made in a will by any form of communication during a terminal illness or injury addressed to at least two adults, at least one of whom is a disinterested witness.

(5) A donor who makes an anatomical gift in a will may amend or revoke the gift in the manner provided for amendment or revocation of wills or as provided in subsection (1) of this section.

NEW SECTION. Sec. 7. (1) An individual may refuse to make an anatomical gift of the individual's body or part by:

(a) A record signed by:

(i) The individual; or

(ii) Subject to subsection (2) of this section, another individual acting at the direction of the individual if the individual is physically unable to sign;

(b) The individual's will, whether or not the will is admitted to probate or invalidated after the individual's death; or

(c) Any form of communication made by the individual during the individual's terminal illness or injury addressed to at least two adults, at least one of whom is a disinterested witness.

(2) A record signed pursuant to subsection (1)(a)(ii) of this section must:

(a) Be witnessed by at least two adults, at least one of whom is a disinterested witness, who have signed at the request of the individual; and

(b) State that it has been signed and witnessed as provided in (a) of this subsection.

(3) An individual who has made a refusal may amend or revoke the refusal:

(a) In the manner provided in subsection (1) of this section for making a refusal;

(b) By subsequently making an anatomical gift pursuant to section 5 of this act that is inconsistent with the refusal; or

(c) By destroying or canceling the record evidencing the refusal, or the portion of the record used to make the refusal, with the intent to revoke the refusal.

(4) Except as otherwise provided in section 8(8) of this act, in the absence of an express, contrary indication by the individual set forth in the refusal, an individual's unrevoked refusal to make an anatomical gift of the individual's body or part bars all other persons from making an anatomical gift of the individual's body or part.

NEW SECTION. Sec. 8. (1) Except as otherwise provided in subsection (7) of this section and subject to subsection (6) of this section, in the absence of an express, contrary indication by the donor, a person other than the donor is barred from making, amending, or revoking an anatomical gift of a donor's body or part if the donor made an anatomical gift of the donor's body or part under section 5 of this act or an amendment to an anatomical gift of the donor's body or part under section 6 of this act.

(2) A donor's revocation of an anatomical gift of the donor's body or part under section 6 of this act is not a refusal and does not bar another person specified in section 4 or 9 of this act from making an anatomical gift of the donor's body or part under section 5 or 10 of this act.

(3) If a person other than the donor makes an unrevoked anatomical gift of the donor's body or part under section 5 of this act or an amendment to an anatomical gift of the donor's body or part under section 6 of this act, another person may not make, amend, or revoke the gift of the donor's body or part under section 10 of this act.

(4) A revocation of an anatomical gift of a donor's body or part under section 6 of this act by a person other than the donor does not bar another person from making an anatomical gift of the body or part under section 5 or 10 of this act.

(5) In the absence of an express, contrary indication by the donor or other person authorized to make an anatomical gift under section 4 of this act, an anatomical gift of a part is neither a refusal to give another part nor a limitation on the making of an anatomical gift of another part at a later time by the donor or another person.

(6) In the absence of an express, contrary indication by the donor or other person authorized to make an anatomical gift under section 4 of this act, an anatomical gift of a part for one or more of the permitted purposes is not a limitation on the making of an anatomical gift of the part for any of the other purposes by the donor or any other person under section 5 or 10 of this act.

(7) If a donor who is an unemancipated minor dies, a parent of the donor who is reasonably available may revoke or amend an anatomical gift of the donor's body or part.

(8) If an unemancipated minor who signed a refusal dies, a parent of the minor who is reasonably available may revoke the minor's refusal.

NEW SECTION. Sec. 9. (1) Subject to subsections (2) and (3) of this section and unless barred by section 7 or 8 of this act, an anatomical gift of a decedent's body or part may be made by any member of the following classes of persons who is reasonably available, in the order of priority listed:

(a) An agent of the decedent at the time of death who could have made an anatomical gift under section 4(2) of this act immediately before the decedent's death;

(b) The spouse, or domestic partner registered as required by state law, of the decedent;

(c) Adult children of the decedent;

(d) Parents of the decedent;

(e) Adult siblings of the decedent;

(f) Adult grandchildren of the decedent;

(g) Grandparents of the decedent;

(h) The persons who were acting as the guardians of the person of the decedent at the time of death; and

(i) Any other person having the authority under applicable law to dispose of the decedent's body.

(2) If there is more than one member of a class listed in subsection (1)(a), (c), (d), (e), (f), (g), or (h) of this section entitled to make an anatomical gift, an anatomical gift may be made by a member of the class unless that member or a person to which the gift may pass under section 11 of this act knows of an objection by another member of the class. If an objection is known, the gift may be made only by a majority of the members of the class who are reasonably available.

(3) A person may not make an anatomical gift if, at the time of the decedent's death, a person in a prior class under subsection (1) of this section is reasonably available to make or to object to the making of an anatomical gift.

NEW SECTION. Sec. 10. (1) A person authorized to make an anatomical gift under section 9 of this act may make an anatomical gift by a document of gift signed by the person making the gift or by that person's oral communication that is electronically recorded or is contemporaneously reduced to a record and signed by the individual receiving the oral communication.

(2) Subject to subsection (3) of this section, an anatomical gift by a person authorized under section 9 of this act may be amended or revoked orally or in a record by any member of a prior class who is reasonably available. If more than one member of the prior class is reasonably available, the gift made by a person authorized under section 9 of this act may be:

(a) Amended only if a majority of the reasonably available members agree to the amending of the gift; or

(b) Revoked only if a majority of the reasonably available members agree to the revoking of the gift or if they are equally divided as to whether to revoke the gift.

(3) A revocation under subsection (2) of this section is effective only if, before an incision has been made to remove a part from the donor's body or before transplant procedures have begun on the recipient, the procurement organization, transplant hospital, or physician or technician knows of the revocation.

NEW SECTION. Sec. 11. (1) An anatomical gift may be made to the following persons named in the document of gift:

(a) For research or education: A hospital; an accredited medical school, dental school, college, or university; or an organ procurement organization;

(b) Subject to subsection (2) of this section, an individual designated by the person making the anatomical gift if the individual is the recipient of the part;

(c) An eye bank or tissue bank.

(2) If an anatomical gift to an individual under subsection (1)(b) of this section cannot be transplanted into the individual, the part passes in accordance with subsection (7) of this section in the absence of an express, contrary indication by the person making the anatomical gift.

(3) If an anatomical gift of one or more specific parts or of all parts is made in a document of gift that does not name a person described in subsection (1) of this section but identifies the purpose for which an anatomical gift may be used, the following rules apply:

(a) If the part is an eye and the gift is for the purpose of transplantation or therapy, the gift passes to the appropriate eye bank.

(b) If the part is tissue and the gift is for the purpose of transplantation or therapy, the gift passes to the appropriate tissue bank.

(c) If the part is an organ and the gift is for the purpose of transplantation or therapy, the gift passes to the appropriate organ procurement organization as custodian of the organ.

(d) If the part is an organ, an eye, or tissue and the gift is for the purpose of research or education, the gift passes to the appropriate procurement organization.

(4) For the purpose of subsection (3) of this section, if there is more than one purpose of an anatomical gift set forth in the document of gift but the purposes are not set forth in any priority, the gift must be used for transplantation or therapy, if suitable. If the gift cannot be used for transplantation or therapy, the gift may be used for research or education.

(5) If an anatomical gift of one or more specific parts is made in a document of gift that does not name a person described in subsection (1) of this section and does not identify the purpose of the gift, the gift may be used only for

transplantation or therapy, and the gift passes in accordance with subsection (7) of this section.

(6) If a document of gift specifies only a general intent to make an anatomical gift by words such as "donor," "organ donor," or "body donor," or by a symbol or statement of similar import, the gift may be used only for transplantation or therapy, and the gift passes in accordance with subsection (7) of this section.

(7) For purposes of subsections (2), (5), and (6) of this section the following rules apply:

(a) If the part is an eye, the gift passes to the appropriate eye bank.

(b) If the part is tissue, the gift passes to the appropriate tissue bank.

(c) If the part is an organ, the gift passes to the appropriate organ procurement organization as custodian of the organ.

(8) An anatomical gift of an organ for transplantation or therapy, other than an anatomical gift under subsection (1)(b) of this section, passes to the organ procurement organization as custodian of the organ.

(9) If an anatomical gift does not pass pursuant to subsections (1) through (8) of this section or the decedent's body or part is not used for transplantation, therapy, research, or education, custody of the body or part passes to the person under obligation to dispose of the body or part.

(10) A person may not accept an anatomical gift if the person knows that the gift was not effectively made under section 5 or 10 of this act or if the person knows that the decedent made a refusal under section 7 of this act that was not revoked. For purposes of this subsection (10), if a person knows that an anatomical gift was made on a document of gift, the person is deemed to know of any amendment or revocation of the gift or any refusal to make an anatomical gift on the same document of gift.

(11) Except as otherwise provided in subsection (1)(b) of this section, nothing in this chapter affects the allocation of organs for transplantation or therapy.

NEW SECTION. Sec. 12. (1) A document of gift need not be delivered during the donor's lifetime to be effective.

(2) Upon or after an individual's death, a person in possession of a document of gift or a refusal to make an anatomical gift with respect to the individual shall allow examination and copying of the document of gift or refusal by a person authorized to make or object to the making of an anatomical gift with respect to the individual or by a person to which the gift could pass under section 11 of this act.

NEW SECTION. Sec. 13. (1) When a hospital refers an individual at or near death to a procurement organization, the organization shall make a reasonable search of the records of the department of licensing and any donor registry that it knows exists for the geographical area in which the individual resides to ascertain whether the individual has made an anatomical gift.

(2) A procurement organization must be allowed reasonable access to information in the records of the department of licensing to ascertain whether an individual at or near death is a donor.

(3) When a hospital refers an individual at or near death to a procurement organization, the organization may conduct any reasonable examination

necessary to ensure the medical suitability of a part that is or could be the subject of an anatomical gift for transplantation, therapy, research, or education from a donor or a prospective donor. During the examination period, measures necessary to ensure the medical suitability of the part may not be withdrawn unless the hospital or procurement organization knows that the individual expressed a contrary intent.

(4) Unless prohibited by law other than this chapter, at any time after a donor's death, the person to which a part passes under section 11 of this act may conduct any reasonable examination necessary to ensure the medical suitability of the body or part for its intended purpose.

(5) Unless prohibited by law other than this chapter, an examination under subsection (3) or (4) of this section may include an examination of all medical records of the donor or prospective donor.

(6) Upon the death of a minor who was a donor or had signed a refusal, unless a procurement organization knows the minor is emancipated, the procurement organization shall conduct a reasonable search for the parents of the minor and provide the parents with an opportunity to revoke or amend the anatomical gift or revoke the refusal.

(7) Upon referral by a hospital under subsection (1) of this section, a procurement organization shall make a reasonable search for any person listed in section 9 of this act having priority to make an anatomical gift on behalf of a prospective donor. If a procurement organization receives information that an anatomical gift to any other person was made, amended, or revoked, it shall promptly advise the other person of all relevant information.

(8) Subject to sections 11(9), 21, and 22 of this act, the rights of the person to which a part passes under section 11 of this act are superior to the rights of all others with respect to the part. The person may accept or reject an anatomical gift in whole or in part. Subject to the terms of the document of gift and this chapter, a person that accepts an anatomical gift of an entire body may allow embalming, burial, or cremation, and use of remains in a funeral service. If the gift is of a part, the person to which the part passes under section 11 of this act, upon the death of the donor and before embalming, burial, or cremation, shall cause the part to be removed without unnecessary mutilation.

(9) Neither the physician who attends the decedent at death nor the physician who determines the time of the decedent's death may participate in the procedures for removing or transplanting a part from the decedent.

(10) A physician or technician may remove a donated part from the body of a donor that the physician or technician is qualified to remove.

NEW SECTION. Sec. 14. When English is not the first language of the person or persons making, amending, revoking, or refusing anatomical gifts as defined in this act, organ procurement organizations are responsible for providing, at no cost, appropriate interpreter services or translations to such persons for the purpose of making such decisions.

NEW SECTION. Sec. 15. Each hospital in this state shall enter into agreements or affiliations with procurement organizations for coordination of procurement and use of anatomical gifts.

NEW SECTION. Sec. 16. (1) Except as otherwise provided in subsection (2) of this section, a person who, for valuable consideration, knowingly

purchases or sells a part for transplantation or therapy if removal of a part from an individual is intended to occur after the individual's death is guilty of a class C felony under RCW 9A.20.010.

(2) A person may charge a reasonable amount for the removal, processing, preservation, quality control, storage, transportation, implantation, or disposal of a part.

NEW SECTION. Sec. 17. A person who, in order to obtain financial gain, intentionally falsifies, forges, conceals, defaces, or obliterates a document of gift, an amendment or revocation of a document of gift, or a refusal is guilty of a class C felony under RCW 9A.20.010.

NEW SECTION. Sec. 18. (1) A person who acts in accordance with this chapter or with the applicable anatomical gift law of another state, or attempts in good faith to do so, is not liable for the act in a civil action, criminal prosecution, or administrative proceeding.

(2) Neither the person making an anatomical gift nor the donor's estate is liable for any injury or damage that results from the making or use of the gift.

(3) In determining whether an anatomical gift has been made, amended, or revoked under this chapter, a person may rely upon representations of an individual listed in section 9(1) (b) through (g) of this act relating to the individual's relationship to the donor or prospective donor unless the person knows that the representation is untrue.

NEW SECTION. Sec. 19. (1) A document of gift is valid if executed in accordance with:

- (a) This chapter;
- (b) The laws of the state or country where it was executed; or
- (c) The laws of the state or country where the person making the anatomical gift was domiciled, has a place of residence, or was a national at the time the document of gift was executed.

(2) If a document of gift is valid under this section, the law of this state governs the interpretation of the document of gift.

(3) A person may presume that a document of gift or amendment of an anatomical gift is valid unless that person knows that it was not validly executed or was revoked.

NEW SECTION. Sec. 20. (1) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Advance health care directive" means a power of attorney for health care or a "directive" as defined in RCW 70.122.020.

(b) "Declaration" means a record signed by a prospective donor specifying the circumstances under which a life support system may be withheld or withdrawn from the prospective donor.

(c) "Health care decision" means any decision made regarding the health care of the prospective donor.

(2) If a prospective donor has a declaration or advance health care directive, and the terms of the declaration or directive and the express or implied terms of a potential anatomical gift are in conflict with regard to the administration of measures necessary to ensure the medical suitability of a part for transplantation or therapy, the prospective donor's attending physician and the prospective donor shall confer to resolve the conflict. If the prospective donor is incapable of

resolving the conflict, an agent acting under the prospective donor's declaration or directive, or, if none or the agent is not reasonably available, another person authorized by law other than this chapter to make health care decisions on behalf of the prospective donor, shall act for the donor to resolve the conflict. The conflict must be resolved as expeditiously as possible. Information relevant to the resolution of the conflict may be obtained from the appropriate procurement organization and any other person authorized to make an anatomical gift for the prospective donor under section 9 of this act. Before resolution of the conflict, measures necessary to ensure the medical suitability of the part may not be withheld or withdrawn from the prospective donor if withholding or withdrawing the measures is not contraindicated by appropriate end-of-life care.

NEW SECTION. Sec. 21. (1)(a) A coroner or medical examiner shall cooperate with procurement organizations, to the extent that such cooperation does not prevent, hinder, or impede the timely investigation of death, to facilitate the opportunity to recover anatomical gifts for the purpose of transplantation or therapy. However, a coroner or medical examiner may limit the number of procurement organizations with which he or she cooperates.

(b) The coroner or medical examiner may release the initial investigative information to the tissue or organ procurement organization for the purpose of determining the suitability of the potential donor by those organizations. The information released for this purpose shall remain confidential. The coroner or medical examiner is not liable for any release of confidential information by the procurement organization.

(2)(a) Procurement organizations shall cooperate with the coroner or medical examiner to ensure the preservation of and timely transfer to the coroner or medical examiner any physical or biological evidence from a prospective donor that the procurement organization may have contact with or access to that is required by the coroner or medical examiner for the investigation of death.

(b) If the coroner or medical examiner or a designee releases a part for donation under subsection (4) of this section, the procurement organization, upon request, shall cause the physician or technician who removes the part to provide the coroner or medical examiner with a record describing the condition of the part, biopsies, residual tissue, photographs, and any other information and observations requested by the coroner or medical examiner that would assist in the investigation of death.

(3) A part may not be removed from the body of a decedent under the jurisdiction of a coroner or medical examiner for transplantation, therapy, research, or education unless the part is the subject of an anatomical gift, and has been released by the coroner or medical examiner. The body of a decedent under the jurisdiction of the coroner or medical examiner may not be delivered to a person for research or education unless the body is the subject of an anatomical gift. This subsection does not preclude a coroner or medical examiner from performing the medicolegal investigation upon the body or relevant parts of a decedent under the jurisdiction of the coroner or medical examiner.

(4) If an anatomical gift of a part from the decedent under the jurisdiction of the coroner or medical examiner has been or might be made, but the coroner or medical examiner initially believes that the recovery of the part could interfere with the postmortem investigation into the decedent's cause or manner of death, the collection of evidence, or the description, documentation, or interpretation of

injuries on the body, the coroner or medical examiner may consult with the procurement organization or physician or technician designated by the procurement organization about the proposed recovery. After consultation, the coroner or medical examiner may release the part for recovery.

NEW SECTION. Sec. 22. This chapter is subject to the laws of this state governing the jurisdiction of the coroner or medical examiner.

NEW SECTION. Sec. 23. In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

NEW SECTION. Sec. 24. This chapter modifies, limits, and supersedes the federal electronic signatures in global and national commerce act (15 U.S.C. Sec. 7001 et seq.) with respect to electronic signatures and anatomical gifts, but does not modify, limit, or supersede section 101(a) of that act (15 U.S.C. Sec. 7001), or authorize electronic delivery of any of the notices described in section 103(b) of that act (15 U.S.C. Sec. 7003(b)).

Sec. 25. RCW 1.50.010 and 1998 c 59 s 2 are each amended to read as follows:

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

(1) "Organ donor" means an individual who makes an anatomical gift as specified in ~~((RCW 68.50.530(1)))~~ chapter 68.— RCW (sections 1 through 24 of this act).

(2) "Organ procurement organization" ~~((means any accredited or certified organ or eye bank))~~ has the same meaning as in section 2 of this act.

(3) "Person" means a person specified in ~~((RCW 68.50.550))~~ section 9 of this act.

Sec. 26. RCW 46.12.510 and 2003 c 94 s 6 are each amended to read as follows:

An applicant for a new or renewed registration for a vehicle required to be registered under this chapter or chapter 46.16 RCW may make a donation of one dollar or more to the organ and tissue donation awareness account to promote the donation of organs and tissues under the provisions of the uniform anatomical gift act, ~~((RCW 68.50.520 through 68.50.630))~~ chapter 68.— RCW (sections 1 through 24 of this act). The department shall collect the donations and credit the donations to the organ and tissue donation awareness account, created in RCW 68.50.640 (as recodified by this act). At least quarterly, the department shall transmit donations made to the organ and tissue donation awareness account to the foundation established for organ and tissue donation awareness purposes by the Washington state organ procurement organizations. All Washington state organ procurement organizations will have proportional access to these funds to conduct public education in their service areas. The donation of one or more dollars is voluntary and may be refused by the applicant. The department shall make available informational booklets or other informational sources on the importance of organ and tissue donations to applicants.

The department shall inquire of each applicant at the time the completed application is presented whether the applicant is interested in making a donation of one dollar or more and shall also specifically inform the applicant of the option for organ and tissue donations as required by RCW 46.20.113. The

department shall also provide written information to each applicant volunteering to become an organ and tissue donor. The written information shall disclose that the applicant's name shall be transmitted to the organ and tissue donor registry created in RCW 68.50.635 (as recodified by this act), and that the applicant shall notify a Washington state organ procurement organization of any changes to the applicant's donor status.

All reasonable costs associated with the creation of the donation program created under this section must be paid proportionally or by other agreement by a Washington state organ procurement organization.

For the purposes of this section, "reasonable costs" and "Washington state organ procurement organization" have the same meaning as defined in ((RCW 68.50.530)) section 2 of this act.

Sec. 27. RCW 46.20.113 and 1993 c 228 s 18 are each amended to read as follows:

The department of licensing shall provide a statement whereby the licensee may certify his or her willingness to make an anatomical gift under ((RCW 68.50.540)) section 4 of this act, as now or hereafter amended. The department shall provide the statement in at least one of the following ways:

- (1) On each driver's license; or
- (2) With each driver's license; or
- (3) With each in-person driver's license application.

Sec. 28. RCW 46.20.1131 and 2003 c 94 s 5 are each amended to read as follows:

The department shall electronically transfer the information of all persons who upon application for a driver's license or identicard volunteer to donate organs or tissue to a registry created in RCW 68.50.635 (as recodified by this act), and any subsequent changes to the applicant's donor status when the applicant renews a driver's license or identicard or applies for a new driver's license or identicard.

NEW SECTION. **Sec. 29.** Sections 1 through 24 of this act constitute a new chapter in Title 68 RCW.

NEW SECTION. **Sec. 30.** RCW 68.50.635 and 68.50.640 are each recodified as sections in the new chapter created in section 29 of this act.

NEW SECTION. **Sec. 31.** The following acts or parts of acts are each repealed:

- (1) RCW 68.50.500 (Identification of potential donors—Hospital procedures) and 1993 c 228 s 20, 1987 c 331 s 71, & 1986 c 129 s 1;
- (2) RCW 68.50.510 (Good faith compliance with RCW 68.50.500—Hospital liability) and 1987 c 331 s 72 & 1986 c 129 s 2;
- (3) RCW 68.50.520 (Anatomical gifts—Findings—Declaration) and 1993 c 228 s 1;
- (4) RCW 68.50.530 (Anatomical gifts—Definitions) and 2003 c 94 s 2, 1996 c 178 s 15, & 1993 c 228 s 2;
- (5) RCW 68.50.540 (Anatomical gifts—Authorized—Procedures—Changes—Refusal) and 2003 c 94 s 4, 1995 c 132 s 1, & 1993 c 228 s 3;
- (6) RCW 68.50.550 (Anatomical gifts—By person other than decedent) and 2007 c 156 s 26 & 1993 c 228 s 4;

(7) RCW 68.50.560 (Anatomical gifts—Hospital procedure—Records—Liability) and 1993 c 228 s 5;

(8) RCW 68.50.570 (Anatomical gifts—Donees) and 1993 c 228 s 6;

(9) RCW 68.50.580 (Anatomical gifts—Document of gift—Delivery) and 1993 c 228 s 7;

(10) RCW 68.50.590 (Anatomical gifts—Rights of donee—Time of death—Actions by technician, enucleator) and 1993 c 228 s 8;

(11) RCW 68.50.600 (Anatomical gifts—Hospitals—Procurement and use coordination) and 1993 c 228 s 9;

(12) RCW 68.50.610 (Anatomical gifts—Illegal purchase or sale—Penalty) and 2003 c 53 s 312 & 1993 c 228 s 10; and

(13) RCW 68.50.620 (Anatomical gifts—Examination for medical acceptability—Jurisdiction of coroner, medical examiner—Liability limited) and 1993 c 228 s 11.

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 140

[House Bill 2283]

HOME CARE QUALITY AUTHORITY—PERFORMANCE REVIEWS

AN ACT Relating to the joint legislative audit and review committee performance reviews of the home care quality authority; and amending RCW 74.39A.290.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 74.39A.290 and 2002 c 3 s 8 are each amended to read as follows:

(1) The joint legislative audit and review committee will conduct a performance review of the authority (~~every two years~~) and submit the review to the legislature and the governor. The first review will be submitted before December 1, 2006, and the second review shall be submitted before December 1, 2009.

(2) The first performance review will include an evaluation of the health, welfare, and satisfaction with services provided of the consumers receiving long-term in-home care services from individual providers under chapter 3, Laws of 2002, including the degree to which all required services have been delivered, the degree to which consumers receiving services from individual providers have ultimately required additional or more intensive services, such as home health care, or have been placed in other residential settings or nursing homes, the promptness of response to consumer complaints, and any other issue the committee deems relevant.

(3) The first performance review will provide an explanation of the full cost of individual provider services, including the administrative costs of the authority, unemployment compensation, social security and medicare payroll taxes paid by the department, and area agency on aging home care oversight costs.

(4) The first performance review will make recommendations to the legislature and the governor for any amendments to chapter 3, Laws of 2002 that will further ensure the well-being of consumers and prospective consumers under chapter 3, Laws of 2002, and the most efficient means of delivering required services. In addition, the first performance review will include findings and recommendations regarding the appropriateness of the authority's assumption of responsibility for verification of hours worked by individual providers, payment of individual providers, and other duties.

(5) The second performance review will assess the services provided by the home care quality authority to meet its statutory duties, and address any other questions required by the legislature.

Passed by the House February 7, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 141

[Substitute House Bill 2474]

SOCIAL WORKERS—LICENSING REQUIREMENTS

AN ACT Relating to supervised experience requirements for social worker licenses; amending RCW 18.225.090; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 18.225.090 and 2006 c 69 s 1 are each amended to read as follows:

(1) The secretary shall issue a license to any applicant who demonstrates to the satisfaction of the secretary that the applicant meets the following education and experience requirements for the applicant's practice area.

(a) Licensed social work classifications:

(i) Licensed advanced social worker:

(A) Graduation from a master's or doctorate social work educational program accredited by the council on social work education and approved by the secretary based upon nationally recognized standards;

(B) Successful completion of an approved examination;

(C) Successful completion of a supervised experience requirement. The supervised experience requirement consists of a minimum of three thousand two hundred hours with supervision by an approved supervisor who has been licensed for at least two years. Of those supervised hours:

(1) At least ninety hours ((of supervision)) must include direct supervision as specified in this subsection by a licensed independent clinical social worker ((or)), a licensed advanced social worker ((who has been licensed or certified for at least two years)), or an equally qualified licensed mental health professional. Of those hours(;-) of directly supervised experience:

(1) At least fifty hours must include ((direct)) supervision by a licensed advanced social worker or licensed independent clinical social worker; the other forty hours may be ((with)) supervised by an equally qualified licensed mental health practitioner((-); and

~~(2) At least forty hours must be in one-to-one supervision and fifty hours may be in one-to-one supervision or group supervision((-);~~

~~(II) Distance supervision is limited to forty supervision hours((-); and~~

~~(III) Eight hundred hours must be in direct client contact; and~~

~~(D) Successful completion of continuing education requirements of thirty-six hours, with six in professional ethics.~~

~~(ii) Licensed independent clinical social worker:~~

~~(A) Graduation from a master's or doctorate level social work educational program accredited by the council on social work education and approved by the secretary based upon nationally recognized standards;~~

~~(B) Successful completion of an approved examination;~~

~~(C) Successful completion of a supervised experience requirement. The supervised experience requirement consists of a minimum of four thousand hours of experience, ((of which)) over a three-year period, with supervision by an approved supervisor who has been licensed for at least two years and, as specified in this subsection, may be either a licensed independent clinical social worker who has had at least one year of experience in supervising the clinical social work of others or an equally qualified licensed mental health practitioner. Of those supervised hours:~~

~~(I) At least one thousand hours must be direct client contact((- over a three-year period supervised by a licensed independent clinical social worker who has been licensed or certified for at least five years and who has had at least one year of experience in supervising the clinical social work practice of others, with supervision of));~~

~~(II) Hours of direct supervision must include:~~

~~(1) At least one hundred thirty hours by a licensed mental health practitioner((- Of the total supervision));~~

~~(2) At least seventy hours ((must be)) of supervision with ((an)) a licensed independent clinical social worker meeting the qualifications under this subsection (1)(a)(ii)(C); the other sixty hours may be ((with)) supervised by an equally qualified licensed mental health practitioner((-); and~~

~~(3) At least sixty hours must be in one-to-one supervision and seventy hours may be in one-to-one supervision or group supervision((-); and~~

~~(III) Distance supervision is limited to sixty supervision hours; and~~

~~(D) Successful completion of continuing education requirements of thirty-six hours, with six in professional ethics.~~

~~(b) Licensed mental health counselor:~~

~~(i) Graduation from a master's or doctoral level educational program in mental health counseling or a related discipline from a college or university approved by the secretary based upon nationally recognized standards;~~

~~(ii) Successful completion of an approved examination;~~

~~(iii) Successful completion of a supervised experience requirement. The experience requirement consists of a minimum of thirty-six months full-time counseling or three thousand hours of postgraduate mental health counseling under the supervision of a qualified licensed mental health counselor or equally qualified licensed mental health practitioner, in an approved setting. The three thousand hours of required experience includes a minimum of one hundred hours spent in immediate supervision with the qualified licensed mental health~~

counselor, and includes a minimum of one thousand two hundred hours of direct counseling with individuals, couples, families, or groups; and

(iv) Successful completion of continuing education requirements of thirty-six hours, with six in professional ethics.

(c) Licensed marriage and family therapist:

(i) Graduation from a master's degree or doctoral degree educational program in marriage and family therapy or graduation from an educational program in an allied field equivalent to a master's degree or doctoral degree in marriage and family therapy approved by the secretary based upon nationally recognized standards;

(ii) Successful passage of an approved examination;

(iii) Successful completion of a supervised experience requirement. The experience requirement consists of a minimum of two calendar years of full-time marriage and family therapy. Of the total supervision, one hundred hours must be with a licensed marriage and family therapist with at least five years' clinical experience; the other one hundred hours may be with an equally qualified licensed mental health practitioner. Total experience requirements include:

(A) A minimum of three thousand hours of experience, one thousand hours of which must be direct client contact; at least five hundred hours must be gained in diagnosing and treating couples and families; plus

(B) At least two hundred hours of qualified supervision with a supervisor. At least one hundred of the two hundred hours must be one-on-one supervision, and the remaining hours may be in one-on-one or group supervision.

Applicants who have completed a master's program accredited by the commission on accreditation for marriage and family therapy education of the American association for marriage and family therapy may be credited with five hundred hours of direct client contact and one hundred hours of formal meetings with an approved supervisor; and

(iv) Successful completion of continuing education requirements of thirty-six hours, with six in professional ethics.

(2) The department shall establish by rule what constitutes adequate proof of meeting the criteria.

(3) In addition, applicants shall be subject to the grounds for denial of a license or issuance of a conditional license under chapter 18.130 RCW.

NEW SECTION. Sec. 2. This act is remedial and curative in nature and applies retroactively to July 22, 2003.

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 142

[House Bill 2510]

MEDICARE ONLY BENEFITS—DIVIDED REFERENDUM PROCESS

AN ACT Relating to allowing medicare only health insurance benefits for certain employees of political subdivisions under a divided referendum process; and amending RCW 41.48.030.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 41.48.030 and 2007 c 218 s 72 are each amended to read as follows:

(1) The governor is hereby authorized to enter on behalf of the state into an agreement with the federal secretary of health(~~(-education, and welfare))~~ and human services consistent with the terms and provisions of this chapter, for the purpose of extending the benefits of the federal old-age and survivors insurance system to employees of the state or any political subdivision not members of an existing retirement system, or to members of a retirement system established by the state or by a political subdivision thereof or by an institution of higher learning with respect to services specified in such agreement which constitute "employment" as defined in RCW 41.48.020. Such agreement may contain such provisions relating to coverage, benefits, contributions, effective date, modification and termination of the agreement, administration, and other appropriate provisions as the governor and secretary of health(~~(-education, and welfare))~~ and human services shall agree upon, but, except as may be otherwise required by or under the social security act as to the services to be covered, such agreement shall provide in effect that(~~(-)~~):

(a) Benefits will be provided for employees whose services are covered by the agreement (and their dependents and survivors) on the same basis as though such services constituted employment within the meaning of Title II of the social security act;

(b) The state will pay to the secretary of the treasury, at such time or times as may be prescribed under the social security act, contributions with respect to wages (as defined in RCW 41.48.020), equal to the sum of the taxes which would be imposed by the federal insurance contributions act if the services covered by the agreement constituted employment within the meaning of that act;

(c) Such agreement shall be effective with respect to services in employment covered by the agreement or modification thereof performed after a date specified therein but in no event may it be effective with respect to any such services performed prior to the first day of the calendar year immediately preceding the calendar year in which such agreement or modification of the agreement is accepted by the secretary of health(~~(-education and welfare))~~ and human services;

(d) All services which constitute employment as defined in RCW 41.48.020 and are performed in the employ of the state by employees of the state, shall be covered by the agreement;

(e) All services which (i) constitute employment as defined in RCW 41.48.020, (ii) are performed in the employ of a political subdivision of the state, and (iii) are covered by a plan which is in conformity with the terms of the agreement and has been approved by the governor under RCW 41.48.050, shall be covered by the agreement; (~~and~~)

(f) As modified, the agreement shall include all services described in either (~~(paragraph)~~) (d) or (~~(paragraph)~~) (e) of this subsection and performed by individuals to whom section 218(c)(3)(C) of the social security act is applicable, and shall provide that the service of any such individual shall continue to be covered by the agreement in case he or she thereafter becomes eligible to be a member of a retirement system; (~~and~~)

(g) As modified, the agreement shall include all services described in either ~~((paragraph))~~ (d) or ~~((paragraph))~~ (e) of this subsection and performed by individuals in positions covered by a retirement system with respect to which the governor has issued a certificate to the secretary of health ~~((; education, and welfare))~~ and human services pursuant to subsection (5) of this section; and

(h) Law enforcement officers and firefighters of each political subdivision of this state who are covered by the Washington law enforcement officers' and firefighters' retirement system act ~~((chapter 209, Laws of 1969 ex. sess.) as now in existence or hereafter amended))~~, chapter 41.26 RCW, shall constitute a separate "coverage group" for purposes of the agreement entered into under this section and for purposes of section 218 of the social security act. ~~((To the extent that the agreement between this state and the federal secretary of health, education, and welfare in existence on the date of adoption of this subsection is inconsistent with this subsection, the governor shall seek to modify the inconsistency.))~~

(2) Any instrumentality jointly created by this state and any other state or states is hereby authorized, upon the granting of like authority by such other state or states, (a) to enter into an agreement with the secretary of health ~~((; education, and welfare))~~ and human services whereby the benefits of the federal old-age and survivors insurance system shall be extended to employees of such instrumentality, (b) to require its employees to pay (and for that purpose to deduct from their wages) contributions equal to the amounts which they would be required to pay under RCW 41.48.040(1) if they were covered by an agreement made pursuant to subsection (1) of this section, and (c) to make payments to the secretary of the treasury in accordance with such agreement, including payments from its own funds, and otherwise to comply with such agreements. Such agreement shall, to the extent practicable, be consistent with the terms and provisions of subsection (1) of this section and other provisions of this chapter.

(3) The governor is empowered to authorize a referendum, and to designate an agency or individual to supervise its conduct, in accordance with the requirements of section 218(d)(3) of the social security act, and subsection (4) of this section on the question of whether service in all positions covered by a retirement system established by the state or by a political subdivision thereof should be excluded from or included under an agreement under this chapter. If a retirement system covers positions of employees of the state of Washington, of the institutions of higher learning, and positions of employees of one or more of the political subdivisions of the state, then for the purpose of the referendum as provided ~~((herein))~~ in this section, there may be deemed to be a separate retirement system with respect to employees of the state, or any one or more of the political subdivisions, or institutions of higher learning and the governor shall authorize a referendum upon request of the subdivisions' or institutions' of higher learning governing body: PROVIDED HOWEVER, That if a referendum of state employees generally fails to produce a favorable majority vote then the governor may authorize a referendum covering positions of employees in any state department who are compensated in whole or in part from grants made to this state under Title III of the federal social security act: PROVIDED, That any city or town affiliated with the statewide city employees retirement system organized under chapter 41.44 RCW may at its option agree to

a plan submitted by the board of trustees of ~~((said))~~ that statewide city employees retirement system for inclusion under an agreement under this chapter if the referendum to be held as provided ~~((herein))~~ in this section indicates a favorable result: PROVIDED FURTHER, That the teachers' retirement system be considered one system for the purpose of the referendum except as applied to the several colleges of education. The notice of referendum required by section 218(d)(3)(C) of the social security act to be given to employees shall contain or shall be accompanied by a statement, in such form and such detail as the agency or individual designated to supervise the referendum shall deem necessary and sufficient, to inform the employees of the rights which will accrue to them and their dependents and survivors, and the liabilities to which they will be subject, if their services are included under an agreement under this chapter.

(4) The governor, before authorizing a referendum, shall require the following conditions to be met:

(a) The referendum shall be by secret written ballot on the question of whether service in positions covered by such retirement system shall be excluded from or included under the agreement between the governor and the secretary of health ~~((, education, and welfare))~~ and human services provided for in ~~((RCW 41.48.030(1)))~~ subsection (1) of this section;

(b) An opportunity to vote in such referendum shall be given and shall be limited to eligible employees;

(c) Not less than ninety days' notice of such referendum shall be given to all such employees;

(d) Such referendum shall be conducted under the supervision ~~((f))~~ of the governor or ~~((t))~~ of an agency or individual designated by the governor;

~~(e)~~ (i) The proposal for coverage shall be approved only if a majority of the eligible employees vote in favor of including services in such positions under the agreement;

(ii) Coverage obtained through a divided referendum process shall extend coverage to law enforcement officers, firefighters, and employees of political subdivisions of this state, who have membership in a qualified retirement system, allowing them to obtain medicare coverage only (HI-only). In such a divided referendum process, those members voting in favor of medicare coverage constitute a separate coverage group;

(f) The state legislature, in the case of a referendum affecting the rights and liabilities of state employees covered under the state employees' retirement system and employees under the teachers' retirement system, and in all other cases the local legislative authority or governing body, shall have specifically approved the proposed plan and approved any necessary structural adjustment to the existing system to conform with the proposed plan;

(g) In the case of a referendum authorized under section 218(d)(6) of the social security act and (e)(ii) of this subsection, the retirement system will be divided into two parts or divisions. One part or division of the retirement system shall be composed of positions of those members of the system who desire coverage under the agreement as permitted by this section. The remaining part or division of the retirement system shall be composed of positions of those members who do not desire coverage under such an agreement. Each part or division is a separate retirement system for the purposes of section 218(d) of the

social security act. The positions of individuals who become members of the system after the coverage is extended shall be included in the part or division of the system composed of members desiring the coverage, with the exception of positions that are excluded in the agreement.

(5) Upon receiving satisfactory evidence that with respect to any such referendum the conditions specified in subsection (4) of this section and section 218(d)(3) of the social security act have been met, the governor shall so certify to the secretary of health(~~(, education, and welfare)~~) and human services.

(6) If the legislative body of any political subdivision of this state certifies to the governor that a referendum has been held under the terms of RCW 41.48.050(1)(i) and gives notice to the governor of termination of social security for any coverage group of the political subdivision, the governor shall give two years advance notice in writing to the federal department of health(~~(, education, and welfare)~~) and human services of ~~((such))~~ the termination of the agreement entered into under this section with respect to ~~((said))~~ that coverage group.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 143

[Second Substitute House Bill 2537]

HEALTH INSURANCE PARTNERSHIP

AN ACT Relating to modifications to the health insurance partnership statute necessary for timely implementation of the health insurance partnership; amending RCW 70.47A.020, 70.47A.030, 70.47A.040, 70.47A.070, 70.47A.110, 48.21.045, 48.44.023, and 48.46.066; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 70.47A.020 and 2007 c 260 s 2 are each amended to read as follows:

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

(1) "Administrator" means the administrator of the Washington state health care authority, established under chapter 41.05 RCW.

(2) "Board" means the health insurance partnership board established in RCW 70.47A.100.

(3) "Eligible partnership participant" means ~~((an individual))~~ a partnership participant who:

(a) Is a resident of the state of Washington; and

(b) Has family income that does not exceed two hundred percent of the federal poverty level, as determined annually by the federal department of health and human services(~~(; and~~

~~(e) Is employed by a participating small employer or is a former employee of a participating small employer who chooses to continue receiving coverage through the partnership following separation from employment)).~~

(4) "Health benefit plan" has the same meaning as defined in RCW 48.43.005.

(5) "Participating small employer" means a small employer that ~~((employs at least one eligible partnership participant and))~~ has entered into an agreement with the partnership ~~((for the partnership to offer and administer the small employer's group health benefit plan, as defined in federal law, Sec. 706 of ERISA (29 U.S.C. Sec. 1167), for enrollees in the plan))~~ to purchase health benefits through the partnership. To participate in the partnership, an employer must attest to the fact that (a) the employer does not currently offer health insurance to its employees, and (b) at least fifty percent of the employer's employees are low-wage workers.

(6) "Partnership" means the health insurance partnership established in RCW 70.47A.030.

(7) "Partnership participant" means ~~((an employee))~~ a participating small employer and employees of a participating small employer, ~~((or))~~ and, except to the extent provided otherwise in RCW 70.47A.110(1)(e), a former employee of a participating small employer who chooses to continue receiving coverage through the partnership following separation from employment.

(8) "Small employer" has the same meaning as defined in RCW 48.43.005.

(9) "Subsidy" or "premium subsidy" means payment or reimbursement to an eligible partnership participant toward the purchase of a health benefit plan, and may include a net billing arrangement with insurance carriers or a prospective or retrospective payment for health benefit plan premiums.

Sec. 2. RCW 70.47A.030 and 2007 c 259 s 58 are each amended to read as follows:

(1) To the extent funding is appropriated in the operating budget for this purpose, the health insurance partnership is established. The administrator shall be responsible for the implementation and operation of the health insurance partnership, directly or by contract. The administrator shall offer premium subsidies to eligible partnership participants under RCW 70.47A.040. The partnership shall begin to offer coverage no later than March 1, 2009.

(2) Consistent with policies adopted by the board under ~~((section 59 of this act))~~ RCW 70.47A.110, the administrator shall, directly or by contract:

(a) Establish and administer procedures for enrolling small employers in the partnership, including publicizing the existence of the partnership and disseminating information on enrollment, and establishing rules related to minimum participation of employees in small groups purchasing health insurance through the partnership. Opportunities to publicize the program for outreach and education of small employers on the value of insurance shall explore the use of online employer guides. As a condition of participating in the partnership, a small employer must agree to establish a cafeteria plan under section 125 of the federal internal revenue code that will enable employees to use pretax dollars to pay their share of their health benefit plan premium. The partnership shall provide technical assistance to small employers for this purpose;

(b) Establish and administer procedures for health benefit plan enrollment by employees of small employers during open enrollment periods and outside of open enrollment periods upon the occurrence of any qualifying event specified in the federal health insurance portability and accountability act of 1996 or applicable state law. ~~((Neither))~~ Except to the extent authorized in RCW 70.47A.110(1)(e), neither the employer nor the partnership shall limit an

employee's choice of coverage from among ~~((aH))~~ the health benefit plans offered through the partnership;

~~(c) ((Establish and manage a system for the partnership to be designated as the sponsor or administrator of a participating small employer health benefit plan and to undertake the obligations required of a plan administrator under federal law;~~

~~((d))~~ Establish and manage a system of collecting and transmitting to the applicable carriers all premium payments or contributions made by or on behalf of partnership participants, including employer contributions, automatic payroll deductions for partnership participants, premium subsidy payments, and contributions from philanthropies;

~~((e))~~ ~~(d)~~ Establish and manage a system for determining eligibility for and making premium subsidy payments under chapter 259, Laws of 2007;

~~((f))~~ ~~(e)~~ Establish a mechanism to apply a surcharge to ~~((aH))~~ each health benefit plan~~(s))~~ purchased through the partnership, which shall be used only to pay for administrative and operational expenses of the partnership. The surcharge must be applied uniformly to all health benefit plans ~~((offered))~~ purchased through the partnership ~~((and must be included in the premium for each health benefit plan))~~. Any surcharge amount may be added to the premium, but shall not be considered part of the small group community rate, and shall be applied only to the coverage purchased through the partnership. Surcharges may not be used to pay any premium assistance payments under this chapter. The surcharge shall reflect administrative and operational expenses remaining after any appropriation provided by the legislature to support administrative or operational expenses of the partnership during the year the surcharge is assessed;

~~((g))~~ ~~(f)~~ Design a schedule of premium subsidies that is based upon gross family income, giving appropriate consideration to family size and the ages of all family members based on a benchmark health benefit plan designated by the board. The amount of an eligible partnership participant's premium subsidy shall be determined by applying a sliding scale subsidy schedule with the percentage of premium similar to that developed for subsidized basic health plan enrollees under RCW 70.47.060. The subsidy shall be applied to the employee's premium obligation for his or her health benefit plan, so that employees benefit financially from any employer contribution to the cost of their coverage through the partnership.

(3) The administrator may enter into interdepartmental agreements with the office of the insurance commissioner, the department of social and health services, and any other state agencies necessary to implement this chapter.

Sec. 3. RCW 70.47A.040 and 2007 c 260 s 6 are each amended to read as follows:

Beginning ~~((September 1, 2008))~~ January 1, 2009, the administrator shall accept applications from eligible partnership participants, on behalf of themselves, their spouses, and their dependent children, to receive premium subsidies through the health insurance partnership. Every effort shall be made to coordinate premium subsidies for dependent children with federal funding available under Title XIX and Title XXI of the federal social security act, consistent with the requirements established in RCW 74.09.470(4) for the employer-sponsored insurance program at the department of social and health services.

Sec. 4. RCW 70.47A.070 and 2006 c 255 s 7 are each amended to read as follows:

The administrator shall report biennially, beginning November 1, 2010, to the relevant policy and fiscal committees of the legislature on the effectiveness and efficiency of the ~~((small employer))~~ health insurance partnership program, including enrollment trends, the services and benefits covered under the purchased health benefit plans, consumer satisfaction, and other program operational issues.

Sec. 5. RCW 70.47A.110 and 2007 c 260 s 5 are each amended to read as follows:

(1) The health insurance partnership board shall:

(a) Develop policies for enrollment of small employers in the partnership, including minimum participation rules for small employer groups. The small employer shall determine the criteria for eligibility and enrollment in his or her plan and the terms and amounts of the employer's contributions to that plan, consistent with any minimum employer premium contribution level established by the board under (d) of this subsection;

(b) Designate health benefit plans that are currently offered in the small group market that will be offered to participating small employers through the health insurance partnership and those plans that will qualify for premium subsidy payments. ~~((At least four))~~ Up to five health benefit plans shall be chosen, with multiple deductible and point-of-service cost-sharing options. The health benefit plans shall range from catastrophic to comprehensive coverage, and one health benefit plan shall be a high deductible health plan accompanied by a health savings account. Every effort shall be made to include health benefit plans that include components to maximize the quality of care provided and result in improved health outcomes, such as preventive care, wellness incentives, chronic care management services, and provider network development and payment policies related to quality of care;

(c) Approve a mid-range benefit plan from those selected to be used as a benchmark plan for calculating premium subsidies;

(d) Determine whether there should be a minimum employer premium contribution on behalf of employees, and if so, how much;

(e) Develop policies related to partnership participant enrollment in health benefit plans. The board may focus its initial efforts on access to coverage and affordability of coverage for participating small employers and their employees. To the extent necessary for successful implementation of the partnership, during a start-up phase of partnership operation, the board may:

(i) Limit partnership participant health benefit plan choice; and

(ii) Offer former employees of participating small employers the opportunity to continue coverage after separation from employment to the extent that a former employee is eligible for continuation coverage under 29 U.S.C. Sec. 1161 et seq.

The start-up phase may not exceed two years from the date the partnership begins to offer coverage;

(f) Determine appropriate health benefit plan rating methodologies. The methodologies shall be based on the small group adjusted community rate as defined in Title 48 RCW. The board shall evaluate the impact of applying the small group adjusted community rating ~~((with))~~ methodology to health benefit

plans purchased through the partnership on the ((partnership)) principle of allowing each ((employee)) partnership participant to choose ((their)) his or her health benefit plan, and ((consider options)) may implement one or more risk adjustment or reinsurance mechanisms to reduce uncertainty for carriers and provide for efficient risk management of high-cost enrollees ((through risk adjustment, reinsurance, or other mechanisms));

((#)) (g) Determine whether the partnership should be designated as the administrator of a participating small employer health benefit plan and undertake the obligations required of a plan administrator under federal law in order to minimize administrative burdens on participating small employers;

(h) Conduct analyses and provide recommendations as requested by the legislature and the governor, with the assistance of staff from the health care authority and the office of the insurance commissioner.

(2) The board may authorize one or more limited health care service plans for dental care services to be offered by limited health care service contractors under RCW 48.44.035. However, such plan shall not qualify for subsidy payments.

(3) In fulfilling the requirements of this section, the board shall consult with small employers, the office of the insurance commissioner, members in good standing of the American academy of actuaries, health carriers, agents and brokers, and employees of small business.

Sec. 6. RCW 48.21.045 and 2007 c 260 s 7 are each amended to read as follows:

(1)(a) An insurer offering any health benefit plan to a small employer, either directly or through an association or member-governed group formed specifically for the purpose of purchasing health care, may offer and actively market to the small employer a health benefit plan featuring a limited schedule of covered health care services. Nothing in this subsection shall preclude an insurer from offering, or a small employer from purchasing, other health benefit plans that may have more comprehensive benefits than those included in the product offered under this subsection. An insurer offering a health benefit plan under this subsection shall clearly disclose all covered benefits to the small employer in a brochure filed with the commissioner.

(b) A health benefit plan offered under this subsection shall provide coverage for hospital expenses and services rendered by a physician licensed under chapter 18.57 or 18.71 RCW but is not subject to the requirements of RCW 48.21.130, 48.21.140, 48.21.141, 48.21.142, 48.21.144, 48.21.146, 48.21.160 through 48.21.197, 48.21.200, 48.21.220, 48.21.225, 48.21.230, 48.21.235, ~~((48.21.240,))~~ 48.21.244, 48.21.250, 48.21.300, 48.21.310, or 48.21.320.

(2) Nothing in this section shall prohibit an insurer from offering, or a purchaser from seeking, health benefit plans with benefits in excess of the health benefit plan offered under subsection (1) of this section. All forms, policies, and contracts shall be submitted for approval to the commissioner, and the rates of any plan offered under this section shall be reasonable in relation to the benefits thereto.

(3) Premium rates for health benefit plans for small employers as defined in this section shall be subject to the following provisions:

(a) The insurer shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

- (i) Geographic area;
- (ii) Family size;
- (iii) Age; and
- (iv) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments, which shall begin with age twenty and end with age sixty-five. Employees under the age of twenty shall be treated as those age twenty.

(c) The insurer shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection (3).

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (i) Changes to the enrollment of the small employer;
- (ii) Changes to the family composition of the employee;
- (iii) Changes to the health benefit plan requested by the small employer; or
- (iv) Changes in government requirements affecting the health benefit plan.

(g) Rating factors shall produce premiums for identical groups that differ only by the amounts attributable to plan design, with the exception of discounts for health improvement programs.

(h) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. A carrier may develop its rates based on claims costs due to network provider reimbursement schedules or type of network. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(i) Adjusted community rates established under this section shall pool the medical experience of all small groups purchasing coverage, including the small group participants in the health insurance partnership established in RCW 70.47A.030. However, annual rate adjustments for each small group health benefit plan may vary by up to plus or minus four percentage points from the overall adjustment of a carrier's entire small group pool, such overall adjustment to be approved by the commissioner, upon a showing by the carrier, certified by a member of the American academy of actuaries that: (i) The variation is a result of deductible leverage, benefit design, or provider network characteristics; and (ii) for a rate renewal period, the projected weighted average of all small group benefit plans will have a revenue neutral effect on the carrier's small group pool. Variations of greater than four percentage points are subject to review by

the commissioner, and must be approved or denied within sixty days of submittal. A variation that is not denied within sixty days shall be deemed approved. The commissioner must provide to the carrier a detailed actuarial justification for any denial within thirty days of the denial.

(j) For health benefit plans purchased through the health insurance partnership established in chapter 70.47A RCW:

(i) Any surcharge established pursuant to RCW 70.47A.030(2)(e) shall be applied only to health benefit plans purchased through the health insurance partnership; and

(ii) Risk adjustment or reinsurance mechanisms may be used by the health insurance partnership program to redistribute funds to carriers participating in the health insurance partnership based on differences in risk attributable to individual choice of health plans or other factors unique to health insurance partnership participation. Use of such mechanisms shall be limited to the partnership program and will not affect small group health plans offered outside the partnership.

(4) Nothing in this section shall restrict the right of employees to collectively bargain for insurance providing benefits in excess of those provided herein.

(5)(a) Except as provided in this subsection, requirements used by an insurer in determining whether to provide coverage to a small employer shall be applied uniformly among all small employers applying for coverage or receiving coverage from the carrier.

(b) An insurer shall not require a minimum participation level greater than:

(i) One hundred percent of eligible employees working for groups with three or less employees; and

(ii) Seventy-five percent of eligible employees working for groups with more than three employees.

(c) In applying minimum participation requirements with respect to a small employer, a small employer shall not consider employees or dependents who have similar existing coverage in determining whether the applicable percentage of participation is met.

(d) An insurer may not increase any requirement for minimum employee participation or modify any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

(e) Minimum participation requirements and employer premium contribution requirements adopted by the health insurance partnership board under RCW 70.47A.110 shall apply only to the employers and employees who purchase health benefit plans through the health insurance partnership.

(6) An insurer must offer coverage to all eligible employees of a small employer and their dependents. An insurer may not offer coverage to only certain individuals or dependents in a small employer group or to only part of the group. An insurer may not modify a health plan with respect to a small employer or any eligible employee or dependent, through riders, endorsements or otherwise, to restrict or exclude coverage or benefits for specific diseases, medical conditions, or services otherwise covered by the plan.

(7) As used in this section, "health benefit plan," "small employer," "adjusted community rate," and "wellness activities" mean the same as defined in RCW 48.43.005.

Sec. 7. RCW 48.44.023 and 2007 c 260 s 8 are each amended to read as follows:

(1)(a) A health care services contractor offering any health benefit plan to a small employer, either directly or through an association or member-governed group formed specifically for the purpose of purchasing health care, may offer and actively market to the small employer a health benefit plan featuring a limited schedule of covered health care services. Nothing in this subsection shall preclude a contractor from offering, or a small employer from purchasing, other health benefit plans that may have more comprehensive benefits than those included in the product offered under this subsection. A contractor offering a health benefit plan under this subsection shall clearly disclose all covered benefits to the small employer in a brochure filed with the commissioner.

(b) A health benefit plan offered under this subsection shall provide coverage for hospital expenses and services rendered by a physician licensed under chapter 18.57 or 18.71 RCW but is not subject to the requirements of RCW 48.44.225, 48.44.240, 48.44.245, 48.44.290, 48.44.300, 48.44.310, 48.44.320, 48.44.325, 48.44.330, 48.44.335, ((48.44.340,)) 48.44.344, 48.44.360, 48.44.400, 48.44.440, 48.44.450, and 48.44.460.

(2) Nothing in this section shall prohibit a health care service contractor from offering, or a purchaser from seeking, health benefit plans with benefits in excess of the health benefit plan offered under subsection (1) of this section. All forms, policies, and contracts shall be submitted for approval to the commissioner, and the rates of any plan offered under this section shall be reasonable in relation to the benefits thereto.

(3) Premium rates for health benefit plans for small employers as defined in this section shall be subject to the following provisions:

(a) The contractor shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

- (i) Geographic area;
- (ii) Family size;
- (iii) Age; and
- (iv) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments, which shall begin with age twenty and end with age sixty-five. Employees under the age of twenty shall be treated as those age twenty.

(c) The contractor shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection (3).

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (i) Changes to the enrollment of the small employer;
- (ii) Changes to the family composition of the employee;
- (iii) Changes to the health benefit plan requested by the small employer; or
- (iv) Changes in government requirements affecting the health benefit plan.

(g) Rating factors shall produce premiums for identical groups that differ only by the amounts attributable to plan design, with the exception of discounts for health improvement programs.

(h) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. A carrier may develop its rates based on claims costs due to network provider reimbursement schedules or type of network. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(i) Adjusted community rates established under this section shall pool the medical experience of all groups purchasing coverage, including the small group participants in the health insurance partnership established in RCW 70.47A.030. However, annual rate adjustments for each small group health benefit plan may vary by up to plus or minus four percentage points from the overall adjustment of a carrier's entire small group pool, such overall adjustment to be approved by the commissioner, upon a showing by the carrier, certified by a member of the American academy of actuaries that: (i) The variation is a result of deductible leverage, benefit design, or provider network characteristics; and (ii) for a rate renewal period, the projected weighted average of all small group benefit plans will have a revenue neutral effect on the carrier's small group pool. Variations of greater than four percentage points are subject to review by the commissioner, and must be approved or denied within sixty days of submittal. A variation that is not denied within sixty days shall be deemed approved. The commissioner must provide to the carrier a detailed actuarial justification for any denial within thirty days of the denial.

(j) For health benefit plans purchased through the health insurance partnership established in chapter 70.47A RCW:

(i) Any surcharge established pursuant to RCW 70.47A.030(2)(e) shall be applied only to health benefit plans purchased through the health insurance partnership; and

(ii) Risk adjustment or reinsurance mechanisms may be used by the health insurance partnership program to redistribute funds to carriers participating in the health insurance partnership based on differences in risk attributable to individual choice of health plans or other factors unique to health insurance partnership participation. Use of such mechanisms shall be limited to the partnership program and will not affect small group health plans offered outside the partnership.

(4) Nothing in this section shall restrict the right of employees to collectively bargain for insurance providing benefits in excess of those provided herein.

(5)(a) Except as provided in this subsection, requirements used by a contractor in determining whether to provide coverage to a small employer shall be applied uniformly among all small employers applying for coverage or receiving coverage from the carrier.

(b) A contractor shall not require a minimum participation level greater than:

(i) One hundred percent of eligible employees working for groups with three or less employees; and

(ii) Seventy-five percent of eligible employees working for groups with more than three employees.

(c) In applying minimum participation requirements with respect to a small employer, a small employer shall not consider employees or dependents who have similar existing coverage in determining whether the applicable percentage of participation is met.

(d) A contractor may not increase any requirement for minimum employee participation or modify any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

(e) Minimum participation requirements and employer premium contribution requirements adopted by the health insurance partnership board under RCW 70.47A.110 shall apply only to the employers and employees who purchase health benefit plans through the health insurance partnership.

(6) A contractor must offer coverage to all eligible employees of a small employer and their dependents. A contractor may not offer coverage to only certain individuals or dependents in a small employer group or to only part of the group. A contractor may not modify a health plan with respect to a small employer or any eligible employee or dependent, through riders, endorsements or otherwise, to restrict or exclude coverage or benefits for specific diseases, medical conditions, or services otherwise covered by the plan.

Sec. 8. RCW 48.46.066 and 2007 c 260 s 9 are each amended to read as follows:

(1)(a) A health maintenance organization offering any health benefit plan to a small employer, either directly or through an association or member-governed group formed specifically for the purpose of purchasing health care, may offer and actively market to the small employer a health benefit plan featuring a limited schedule of covered health care services. Nothing in this subsection shall preclude a health maintenance organization from offering, or a small employer from purchasing, other health benefit plans that may have more comprehensive benefits than those included in the product offered under this subsection. A health maintenance organization offering a health benefit plan under this subsection shall clearly disclose all the covered benefits to the small employer in a brochure filed with the commissioner.

(b) A health benefit plan offered under this subsection shall provide coverage for hospital expenses and services rendered by a physician licensed under chapter 18.57 or 18.71 RCW but is not subject to the requirements of RCW 48.46.275, 48.46.280, 48.46.285, ~~((48.46.290,))~~ 48.46.350, 48.46.355, 48.46.375, 48.46.440, 48.46.480, 48.46.510, 48.46.520, and 48.46.530.

(2) Nothing in this section shall prohibit a health maintenance organization from offering, or a purchaser from seeking, health benefit plans with benefits in

excess of the health benefit plan offered under subsection (1) of this section. All forms, policies, and contracts shall be submitted for approval to the commissioner, and the rates of any plan offered under this section shall be reasonable in relation to the benefits thereto.

(3) Premium rates for health benefit plans for small employers as defined in this section shall be subject to the following provisions:

(a) The health maintenance organization shall develop its rates based on an adjusted community rate and may only vary the adjusted community rate for:

- (i) Geographic area;
- (ii) Family size;
- (iii) Age; and
- (iv) Wellness activities.

(b) The adjustment for age in (a)(iii) of this subsection may not use age brackets smaller than five-year increments, which shall begin with age twenty and end with age sixty-five. Employees under the age of twenty shall be treated as those age twenty.

(c) The health maintenance organization shall be permitted to develop separate rates for individuals age sixty-five or older for coverage for which medicare is the primary payer and coverage for which medicare is not the primary payer. Both rates shall be subject to the requirements of this subsection (3).

(d) The permitted rates for any age group shall be no more than four hundred twenty-five percent of the lowest rate for all age groups on January 1, 1996, four hundred percent on January 1, 1997, and three hundred seventy-five percent on January 1, 2000, and thereafter.

(e) A discount for wellness activities shall be permitted to reflect actuarially justified differences in utilization or cost attributed to such programs.

(f) The rate charged for a health benefit plan offered under this section may not be adjusted more frequently than annually except that the premium may be changed to reflect:

- (i) Changes to the enrollment of the small employer;
- (ii) Changes to the family composition of the employee;
- (iii) Changes to the health benefit plan requested by the small employer; or
- (iv) Changes in government requirements affecting the health benefit plan.

(g) Rating factors shall produce premiums for identical groups that differ only by the amounts attributable to plan design, with the exception of discounts for health improvement programs.

(h) For the purposes of this section, a health benefit plan that contains a restricted network provision shall not be considered similar coverage to a health benefit plan that does not contain such a provision, provided that the restrictions of benefits to network providers result in substantial differences in claims costs. A carrier may develop its rates based on claims costs due to network provider reimbursement schedules or type of network. This subsection does not restrict or enhance the portability of benefits as provided in RCW 48.43.015.

(i) Adjusted community rates established under this section shall pool the medical experience of all groups purchasing coverage, including the small group participants in the health insurance partnership established in RCW 70.47A.030. However, annual rate adjustments for each small group health benefit plan may vary by up to plus or minus four percentage points from the overall adjustment

of a carrier's entire small group pool, such overall adjustment to be approved by the commissioner, upon a showing by the carrier, certified by a member of the American academy of actuaries that: (i) The variation is a result of deductible leverage, benefit design, or provider network characteristics; and (ii) for a rate renewal period, the projected weighted average of all small group benefit plans will have a revenue neutral effect on the carrier's small group pool. Variations of greater than four percentage points are subject to review by the commissioner, and must be approved or denied within sixty days of submittal. A variation that is not denied within sixty days shall be deemed approved. The commissioner must provide to the carrier a detailed actuarial justification for any denial within thirty days of the denial.

(j) For health benefit plans purchased through the health insurance partnership established in chapter 70.47A RCW:

(i) Any surcharge established pursuant to RCW 70.47A.030(2)(e) shall be applied only to health benefit plans purchased through the health insurance partnership; and

(ii) Risk adjustment or reinsurance mechanisms may be used by the health insurance partnership program to redistribute funds to carriers participating in the health insurance partnership based on differences in risk attributable to individual choice of health plans or other factors unique to health insurance partnership participation. Use of such mechanisms shall be limited to the partnership program and will not affect small group health plans offered outside the partnership.

(4) Nothing in this section shall restrict the right of employees to collectively bargain for insurance providing benefits in excess of those provided herein.

(5)(a) Except as provided in this subsection, requirements used by a health maintenance organization in determining whether to provide coverage to a small employer shall be applied uniformly among all small employers applying for coverage or receiving coverage from the carrier.

(b) A health maintenance organization shall not require a minimum participation level greater than:

(i) One hundred percent of eligible employees working for groups with three or less employees; and

(ii) Seventy-five percent of eligible employees working for groups with more than three employees.

(c) In applying minimum participation requirements with respect to a small employer, a small employer shall not consider employees or dependents who have similar existing coverage in determining whether the applicable percentage of participation is met.

(d) A health maintenance organization may not increase any requirement for minimum employee participation or modify any requirement for minimum employer contribution applicable to a small employer at any time after the small employer has been accepted for coverage.

(e) Minimum participation requirements and employer premium contribution requirements adopted by the health insurance partnership board under RCW 70.47A.110 shall apply only to the employers and employees who purchase health benefit plans through the health insurance partnership.

(6) A health maintenance organization must offer coverage to all eligible employees of a small employer and their dependents. A health maintenance organization may not offer coverage to only certain individuals or dependents in a small employer group or to only part of the group. A health maintenance organization may not modify a health plan with respect to a small employer or any eligible employee or dependent, through riders, endorsements or otherwise, to restrict or exclude coverage or benefits for specific diseases, medical conditions, or services otherwise covered by the plan.

NEW SECTION. Sec. 9. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 144

[Substitute House Bill 2560]

HEALTH INSURANCE—SMALL EMPLOYER—DEFINITION

AN ACT Relating to defining small employers for purposes of health insurance coverage; and reenacting and amending RCW 48.43.005.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 48.43.005 and 2007 c 296 s 1 and 2007 c 259 s 32 are each reenacted and amended to read as follows:

Unless otherwise specifically provided, the definitions in this section apply throughout this chapter.

(1) "Adjusted community rate" means the rating method used to establish the premium for health plans adjusted to reflect actuarially demonstrated differences in utilization or cost attributable to geographic region, age, family size, and use of wellness activities.

(2) "Basic health plan" means the plan described under chapter 70.47 RCW, as revised from time to time.

(3) "Basic health plan model plan" means a health plan as required in RCW 70.47.060(2)(e).

(4) "Basic health plan services" means that schedule of covered health services, including the description of how those benefits are to be administered, that are required to be delivered to an enrollee under the basic health plan, as revised from time to time.

(5) "Catastrophic health plan" means:

(a) In the case of a contract, agreement, or policy covering a single enrollee, a health benefit plan requiring a calendar year deductible of, at a minimum, one thousand seven hundred fifty dollars and an annual out-of-pocket expense required to be paid under the plan (other than for premiums) for covered benefits of at least three thousand five hundred dollars, both amounts to be adjusted annually by the insurance commissioner; and

(b) In the case of a contract, agreement, or policy covering more than one enrollee, a health benefit plan requiring a calendar year deductible of, at a

minimum, three thousand five hundred dollars and an annual out-of-pocket expense required to be paid under the plan (other than for premiums) for covered benefits of at least six thousand dollars, both amounts to be adjusted annually by the insurance commissioner; or

(c) Any health benefit plan that provides benefits for hospital inpatient and outpatient services, professional and prescription drugs provided in conjunction with such hospital inpatient and outpatient services, and excludes or substantially limits outpatient physician services and those services usually provided in an office setting.

In July 2008, and in each July thereafter, the insurance commissioner shall adjust the minimum deductible and out-of-pocket expense required for a plan to qualify as a catastrophic plan to reflect the percentage change in the consumer price index for medical care for a preceding twelve months, as determined by the United States department of labor. The adjusted amount shall apply on the following January 1st.

(6) "Certification" means a determination by a review organization that an admission, extension of stay, or other health care service or procedure has been reviewed and, based on the information provided, meets the clinical requirements for medical necessity, appropriateness, level of care, or effectiveness under the auspices of the applicable health benefit plan.

(7) "Concurrent review" means utilization review conducted during a patient's hospital stay or course of treatment.

(8) "Covered person" or "enrollee" means a person covered by a health plan including an enrollee, subscriber, policyholder, beneficiary of a group plan, or individual covered by any other health plan.

(9) "Dependent" means, at a minimum, the enrollee's legal spouse and unmarried dependent children who qualify for coverage under the enrollee's health benefit plan.

(10) (~~"Eligible employee" means an employee who works on a full-time basis with a normal work week of thirty or more hours. The term includes a self-employed individual, including a sole proprietor, a partner of a partnership, and may include an independent contractor, if the self-employed individual, sole proprietor, partner, or independent contractor is included as an employee under a health benefit plan of a small employer, but does not work less than thirty hours per week and derives at least seventy-five percent of his or her income from a trade or business through which he or she has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form. Persons covered under a health benefit plan pursuant to the consolidated omnibus budget reconciliation act of 1986 shall not be considered eligible employees for purposes of minimum participation requirements of chapter 265, Laws of 1995-.)~~ "Employee" has the same meaning given to the term, as of January 1, 2008, under section 3(6) of the federal employee retirement income security act of 1974.

(11) "Emergency medical condition" means the emergent and acute onset of a symptom or symptoms, including severe pain, that would lead a prudent layperson acting reasonably to believe that a health condition exists that requires immediate medical attention, if failure to provide medical attention would result in serious impairment to bodily functions or serious dysfunction of a bodily organ or part, or would place the person's health in serious jeopardy.

(12) "Emergency services" means otherwise covered health care services medically necessary to evaluate and treat an emergency medical condition, provided in a hospital emergency department.

(13) "Enrollee point-of-service cost-sharing" means amounts paid to health carriers directly providing services, health care providers, or health care facilities by enrollees and may include copayments, coinsurance, or deductibles.

(14) "Grievance" means a written complaint submitted by or on behalf of a covered person regarding: (a) Denial of payment for medical services or nonprovision of medical services included in the covered person's health benefit plan, or (b) service delivery issues other than denial of payment for medical services or nonprovision of medical services, including dissatisfaction with medical care, waiting time for medical services, provider or staff attitude or demeanor, or dissatisfaction with service provided by the health carrier.

(15) "Health care facility" or "facility" means hospices licensed under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW, rural health care facilities as defined in RCW 70.175.020, psychiatric hospitals licensed under chapter 71.12 RCW, nursing homes licensed under chapter 18.51 RCW, community mental health centers licensed under chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed under chapter 70.41 RCW, ambulatory diagnostic, treatment, or surgical facilities licensed under chapter 70.41 RCW, drug and alcohol treatment facilities licensed under chapter 70.96A RCW, and home health agencies licensed under chapter 70.127 RCW, and includes such facilities if owned and operated by a political subdivision or instrumentality of the state and such other facilities as required by federal law and implementing regulations.

(16) "Health care provider" or "provider" means:

(a) A person regulated under Title 18 or chapter 70.127 RCW, to practice health or health-related services or otherwise practicing health care services in this state consistent with state law; or

(b) An employee or agent of a person described in (a) of this subsection, acting in the course and scope of his or her employment.

(17) "Health care service" means that service offered or provided by health care facilities and health care providers relating to the prevention, cure, or treatment of illness, injury, or disease.

(18) "Health carrier" or "carrier" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, a health care service contractor as defined in RCW 48.44.010, or a health maintenance organization as defined in RCW 48.46.020.

(19) "Health plan" or "health benefit plan" means any policy, contract, or agreement offered by a health carrier to provide, arrange, reimburse, or pay for health care services except the following:

(a) Long-term care insurance governed by chapter 48.84 RCW;

(b) Medicare supplemental health insurance governed by chapter 48.66 RCW;

(c) Coverage supplemental to the coverage provided under chapter 55, Title 10, United States Code;

(d) Limited health care services offered by limited health care service contractors in accordance with RCW 48.44.035;

(e) Disability income;

(f) Coverage incidental to a property/casualty liability insurance policy such as automobile personal injury protection coverage and homeowner guest medical;

(g) Workers' compensation coverage;

(h) Accident only coverage;

(i) Specified disease or illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance offered as an independent, noncoordinated benefit;

(j) Employer-sponsored self-funded health plans;

(k) Dental only and vision only coverage; and

(l) Plans deemed by the insurance commissioner to have a short-term limited purpose or duration, or to be a student-only plan that is guaranteed renewable while the covered person is enrolled as a regular full-time undergraduate or graduate student at an accredited higher education institution, after a written request for such classification by the carrier and subsequent written approval by the insurance commissioner.

(20) "Material modification" means a change in the actuarial value of the health plan as modified of more than five percent but less than fifteen percent.

(21) "Preexisting condition" means any medical condition, illness, or injury that existed any time prior to the effective date of coverage.

(22) "Premium" means all sums charged, received, or deposited by a health carrier as consideration for a health plan or the continuance of a health plan. Any assessment or any "membership," "policy," "contract," "service," or similar fee or charge made by a health carrier in consideration for a health plan is deemed part of the premium. "Premium" shall not include amounts paid as enrollee point-of-service cost-sharing.

(23) "Review organization" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, health care service contractor as defined in RCW 48.44.010, or health maintenance organization as defined in RCW 48.46.020, and entities affiliated with, under contract with, or acting on behalf of a health carrier to perform a utilization review.

(24) "Small employer" or "small group" means any person, firm, corporation, partnership, association, political subdivision, sole proprietor, or self-employed individual that is actively engaged in business that ~~((on at least fifty percent of its working days during the preceding calendar quarter,))~~ employed an average of at least two but no more than fifty ~~((eligible))~~ employees, ~~((with a normal work week of thirty or more hours, the majority of whom were employed within this state, and))~~ during the previous calendar year and employed at least two employees on the first day of the plan year, is not formed primarily for purposes of buying health insurance, and in which a bona fide employer-employee relationship exists. In determining the number of ~~((eligible))~~ employees, companies that are affiliated companies, or that are eligible to file a combined tax return for purposes of taxation by this state, shall be considered an employer. Subsequent to the issuance of a health plan to a small employer and for the purpose of determining eligibility, the size of a small employer shall be determined annually. Except as otherwise specifically provided, a small employer shall continue to be considered a small employer until the plan anniversary following the date the small employer no longer meets the requirements of this definition. ~~((A self-employed individual or sole~~

~~proprietor must derive at least seventy-five percent of his or her income from a trade or business through which the individual or sole proprietor has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form 1040, schedule C or F, for the previous taxable year except for a self-employed individual or sole proprietor in an agricultural trade or business, who must derive at least fifty-one percent of his or her income from the trade or business through which the individual or sole proprietor has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form 1040, for the previous taxable year.))~~ A self-employed individual or sole proprietor who is covered as a group of one on the day prior to June 10, 2004, shall also be considered a "small employer" to the extent that individual or group of one is entitled to have his or her coverage renewed as provided in RCW 48.43.035(6).

(25) "Utilization review" means the prospective, concurrent, or retrospective assessment of the necessity and appropriateness of the allocation of health care resources and services of a provider or facility, given or proposed to be given to an enrollee or group of enrollees.

(26) "Wellness activity" means an explicit program of an activity consistent with department of health guidelines, such as, smoking cessation, injury and accident prevention, reduction of alcohol misuse, appropriate weight reduction, exercise, automobile and motorcycle safety, blood cholesterol reduction, and nutrition education for the purpose of improving enrollee health status and reducing health service costs.

Passed by the House February 14, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 145

[Substitute House Bill 2666]

LONG-TERM CARE INSURANCE—STANDARDS

AN ACT Relating to long-term care insurance; amending RCW 48.84.010 and 48.85.010; reenacting and amending RCW 48.43.005; adding a new chapter to Title 48 RCW; prescribing penalties; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. **Sec. 1.** The intent of this chapter is to promote the public interest, support the availability of long-term care coverage, establish standards for long-term care coverage, facilitate public understanding and comparison of long-term care contract benefits, protect persons insured under long-term care insurance policies and certificates, protect applicants for long-term care policies from unfair or deceptive sales or enrollment practices, and provide for flexibility and innovation in the development of long-term care insurance coverage.

NEW SECTION. **Sec. 2.** This chapter applies to all long-term care insurance policies, contracts, or riders delivered or issued for delivery in this state on or after January 1, 2009. This chapter does not supersede the obligations of entities subject to this chapter to comply with other applicable laws to the extent that they do not conflict with this chapter, except that laws and

regulations designed and intended to apply to medicare supplement insurance policies shall not be applied to long-term care insurance.

(1) Coverage advertised, marketed, or offered as long-term care insurance shall comply with the provisions of this chapter. Any coverage, policy, or rider advertised, marketed, or offered as long-term care or nursing home insurance shall comply with the provisions of this chapter.

(2) Individual and group long-term care contracts issued prior to January 1, 2009, remain governed by chapter 48.84 RCW and rules adopted thereunder.

(3) This chapter is not intended to prohibit approval of long-term care funded through life insurance.

NEW SECTION. Sec. 3. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Applicant" means: (a) In the case of an individual long-term care insurance policy, the person who seeks to contract for benefits; and (b) in the case of a group long-term care insurance policy, the proposed certificate holder.

(2) "Certificate" includes any certificate issued under a group long-term care insurance policy that has been delivered or issued for delivery in this state.

(3) "Commissioner" means the insurance commissioner of Washington state.

(4) "Issuer" includes insurance companies, fraternal benefit societies, health care service contractors, health maintenance organizations, or other entity delivering or issuing for delivery any long-term care insurance policy, contract, or rider.

(5) "Long-term care insurance" means an insurance policy, contract, or rider that is advertised, marketed, offered, or designed to provide coverage for at least twelve consecutive months for a covered person. Long-term care insurance maybe on an expense incurred, indemnity, prepaid, or other basis, for one or more necessary or medically necessary diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting other than an acute care unit of a hospital. Long-term care insurance includes any policy, contract, or rider that provides for payment of benefits based upon cognitive impairment or the loss of functional capacity.

(a) Long-term care insurance includes group and individual annuities and life insurance policies or riders that provide directly or supplement long-term care insurance. However, long-term care insurance does not include life insurance policies that: (i) Accelerate the death benefit specifically for one or more of the qualifying events of terminal illness, medical conditions requiring extraordinary medical intervention, or permanent institutional confinement; (ii) provide the option of a lump-sum payment for those benefits; and (iii) do not condition the benefits or the eligibility for the benefits upon the receipt of long-term care.

(b) Long-term care insurance also includes qualified long-term care insurance contracts.

(c) Long-term care insurance does not include any insurance policy, contract, or rider that is offered primarily to provide coverage for basic medicare supplement, basic hospital expense, basic medical-surgical expense, hospital confinement indemnity, major medical expense, disability income, related income, asset protection, accident only, specified disease, specified accident, or limited benefit health.

(6) "Group long-term care insurance" means a long-term care insurance policy or contract that is delivered or issued for delivery in this state and is issued to:

(a) One or more employers; one or more labor organizations; or a trust or the trustees of a fund established by one or more employers or labor organizations for current or former employees, current or former members of the labor organizations, or a combination of current and former employees or members, or a combination of such employers, labor organizations, trusts, or trustees; or

(b) A professional, trade, or occupational association for its members or former or retired members, if the association:

(i) Is composed of persons who are or were all actively engaged in the same profession, trade, or occupation; and

(ii) Has been maintained in good faith for purposes other than obtaining insurance; or

(c)(i) An association, trust, or the trustees of a fund established, created, or maintained for the benefit of members of one or more associations. Before advertising, marketing, or offering long-term care coverage in this state, the association or associations, or the insurer of the association or associations, must file evidence with the commissioner that the association or associations have at the time of such filing at least one hundred persons who are members and that the association or associations have been organized and maintained in good faith for purposes other than that of obtaining insurance; have been in active existence for at least one year; and have a constitution and bylaws that provide that:

(A) The association or associations hold regular meetings at least annually to further the purposes of the members;

(B) Except for credit unions, the association or associations collect dues or solicit contributions from members; and

(C) The members have voting privileges and representation on the governing board and committees of the association.

(ii) Thirty days after filing the evidence in accordance with this section, the association or associations will be deemed to have satisfied the organizational requirements, unless the commissioner makes a finding that the association or associations do not satisfy those organizational requirements.

(d) A group other than as described in (a), (b), or (c) of this subsection subject to a finding by the commissioner that:

(i) The issuance of the group policy is not contrary to the best interest of the public;

(ii) The issuance of the group policy would result in economies of acquisition or administration; and

(iii) The benefits are reasonable in relation to the premiums charged.

(7) "Policy" includes a document such as an insurance policy, contract, subscriber agreement, rider, or endorsement delivered or issued for delivery in this state by an insurer, fraternal benefit society, health care service contractor, health maintenance organization, or any similar entity authorized by the insurance commissioner to transact the business of long-term care insurance.

(8) "Qualified long-term care insurance contract" or "federally tax-qualified long-term care insurance contract" means:

(a) An individual or group insurance contract that meets the requirements of section 7702B(b) of the internal revenue code of 1986, as amended; or

(b) The portion of a life insurance contract that provides long-term care insurance coverage by rider or as part of the contract and that satisfies the requirements of sections 7702B(b) and (e) of the internal revenue code of 1986, as amended.

NEW SECTION. Sec. 4. A group long-term care insurance policy may not be offered to a resident of this state under a group policy issued in another state to a group described in section 3(6)(d) of this act, unless this state or another state having statutory and regulatory long-term care insurance requirements substantially similar to those adopted in this state has made a determination that such requirements have been met.

NEW SECTION. Sec. 5. (1) A long-term care insurance policy or certificate may not define "preexisting condition" more restrictively than as a condition for which medical advice or treatment was recommended by or received from a provider of health care services, within six months preceding the effective date of coverage of an insured person, unless the policy or certificate applies to group long-term care insurance under section 3(6) (a), (b), or (c) of this act.

(2) A long-term care insurance policy or certificate may not exclude coverage for a loss or confinement that is the result of a preexisting condition unless the loss or confinement begins within six months following the effective date of coverage of an insured person, unless the policy or certificate applies to a group as defined in section 3(6)(a) of this act.

(3) The commissioner may extend the limitation periods for specific age group categories in specific policy forms upon finding that the extension is in the best interest of the public.

(4) An issuer may use an application form designed to elicit the complete health history of an applicant and underwrite in accordance with that issuer's established underwriting standards, based on the answers on that application. Unless otherwise provided in the policy or certificate and regardless of whether it is disclosed on the application, a preexisting condition need not be covered until the waiting period expires.

(5) A long-term care insurance policy or certificate may not exclude or use waivers or riders to exclude, limit, or reduce coverage or benefits for specifically named or described preexisting diseases or physical conditions beyond the waiting period.

NEW SECTION. Sec. 6. No long-term care insurance policy may:

(1) Be canceled, nonrenewed, or otherwise terminated on the grounds of the age or the deterioration of the mental or physical health of the insured individual or certificate holder;

(2) Contain a provision establishing a new waiting period in the event existing coverage is converted to or replaced by a new or other form within the same company, except with respect to an increase in benefits voluntarily selected by the insured individual or group policyholder;

(3) Provide coverage for skilled nursing care only or provide significantly more coverage for skilled care in a facility than coverage for lower levels of care;

(4) Condition eligibility for any benefits on a prior hospitalization requirement;

(5) Condition eligibility for benefits provided in an institutional care setting on the receipt of a higher level of institutional care;

(6) Condition eligibility for any benefits other than waiver of premium, postconfinement, postacute care, or recuperative benefits on a prior institutionalization requirement;

(7) Include a postconfinement, postacute care, or recuperative benefit unless:

(a) Such requirement is clearly labeled in a separate paragraph of the policy or certificate entitled "Limitations or Conditions on Eligibility for Benefits;" and

(b) Such limitations or conditions specify any required number of days of preconfinement or postconfinement;

(8) Condition eligibility for noninstitutional benefits on the prior receipt of institutional care;

(9) A long-term care insurance policy or certificate may be field-issued if the compensation to the field issuer is not based on the number of policies or certificates issued. For purposes of this section, "field-issued" means a policy or certificate issued by a producer or a third-party administrator of the policy pursuant to the underwriting authority by an issuer and using the issuer's underwriting guidelines.

NEW SECTION. Sec. 7. (1) Long-term care insurance applicants may return a policy or certificate for any reason within thirty days after its delivery and to have the premium refunded.

(2) All long-term care insurance policies and certificates shall have a notice prominently printed on or attached to the first page of the policy stating that the applicant may return the policy or certificate within thirty days after its delivery and to have the premium refunded.

(3) Refunds or denials of applications must be made within thirty days of the return or denial.

(4) This section shall not apply to certificates issued pursuant to a policy issued to a group defined in section 3(6)(a) of this act.

NEW SECTION. Sec. 8. (1) An outline of coverage must be delivered to a prospective applicant for long-term care insurance at the time of initial solicitation through means that prominently direct the attention of the recipient to the document and its purpose.

(a) The commissioner must prescribe a standard format, including style, arrangement, overall appearance, and the content of an outline of coverage.

(b) When an insurance producer makes a solicitation in person, he or she must deliver an outline of coverage before presenting an application or enrollment form.

(c) In a direct response solicitation, the outline of coverage must be presented with an application or enrollment form.

(d) If a policy is issued to a group as defined in section 3(6)(a) of this act, an outline of coverage is not required to be delivered, if the information that the commissioner requires to be included in the outline of coverage is in other materials relating to enrollment. Upon request, any such materials must be made available to the commissioner.

(2) If an issuer approves an application for a long-term care insurance contract or certificate, the issuer must deliver the contract or certificate of insurance to the applicant within thirty days after the date of approval. A policy summary must be delivered with an individual life insurance policy that provides long-term care benefits within the policy or by rider. In a direct response solicitation, the issuer must deliver the policy summary, upon request, before delivery of the policy, if the applicant requests a summary.

(a) The policy summary shall include:

(i) An explanation of how the long-term care benefit interacts with other components of the policy, including deductions from any applicable death benefits;

(ii) An illustration of the amount of benefits, the length of benefits, and the guaranteed lifetime benefits if any, for each covered person;

(iii) Any exclusions, reductions, and limitations on benefits of long-term care;

(iv) A statement that any long-term care inflation protection option required by section 12 of this act is not available under this policy; and

(v) If applicable to the policy type, the summary must also include:

(A) A disclosure of the effects of exercising other rights under the policy;

(B) A disclosure of guarantees related to long-term care costs of insurance charges; and

(C) Current and projected maximum lifetime benefits.

(b) The provisions of the policy summary may be incorporated into a basic illustration required under chapter 48.23A RCW, or into the policy summary which is required under rules adopted by the commissioner.

NEW SECTION. Sec. 9. If a long-term care benefit funded through a life insurance policy by the acceleration of the death benefit is in benefit payment status, a monthly report must be provided to the policyholder. The report must include:

(1) A record of all long-term care benefits paid out during the month;

(2) An explanation of any changes in the policy resulting from paying the long-term care benefits, such as a change in the death benefit or cash values; and

(3) The amount of long-term care benefits that remain to be paid.

NEW SECTION. Sec. 10. All long-term care denials must be made within sixty days after receipt of a written request made by a policyholder or certificate holder, or his or her representative. All denials of long-term care claims by the issuer must provide a written explanation of the reasons for the denial and make available to the policyholder or certificate holder all information directly related to the denial.

NEW SECTION. Sec. 11. (1) An issuer may rescind a long-term care insurance policy or certificate or deny an otherwise valid long-term care insurance claim if:

(a) A policy or certificate has been in force for less than six months and upon a showing of misrepresentation that is material to the acceptance for coverage; or

(b) A policy or certificate that has been in force for at least six months but less than two years, upon a showing of misrepresentation that is both material to

the acceptance for coverage and that pertains to the condition for which benefits are sought.

(2) After a policy or certificate has been in force for two years it is not contestable upon the grounds of misrepresentation alone. Such a policy or certificate may be contested only upon a showing that the insured knowingly and intentionally misrepresented relevant facts relating to the insured's health.

(3) An issuer's payments for benefits under a long-term care insurance policy or certificate may not be recovered by the issuer if the policy or certificate is rescinded.

(4) This section does not apply to the remaining death benefit of a life insurance policy that accelerates benefits for long-term care that are governed by RCW 48.23.050 the state's life insurance incontestability clause. In all other situations, this section shall apply to life insurance policies that accelerate benefits for long-term care.

NEW SECTION. Sec. 12. (1) The commissioner must establish minimum standards for inflation protection features.

(2) An issuer must comply with the rules adopted by the commissioner that establish minimum standards for inflation protection features.

NEW SECTION. Sec. 13. (1) Except as provided by this section, a long-term care insurance policy may not be delivered or issued for delivery in this state unless the policyholder or certificate holder has been offered the option of purchasing a policy or certificate that includes a nonforfeiture benefit. The offer of a nonforfeiture benefit may be in the form of a rider that is attached to the policy. If a policyholder or certificate holder declines the nonforfeiture benefit, the issuer must provide a contingent benefit upon lapse that is available for a specified period of time following a substantial increase in premium rates.

(2) If a group long-term care insurance policy is issued, the offer required in subsection (1) of this section must be made to the group policyholder. However, if the policy is issued as group long-term care insurance as defined in section 3(6)(d) of this act other than to a continuing care retirement community or other similar entity, the offering shall be made to each proposed certificate holder.

(3) The commissioner must adopt rules specifying the type or types of nonforfeiture benefits to be offered as part of long-term care insurance policies and certificates, the standards for nonforfeiture benefits, and the rules regarding contingent benefit upon lapse, including a determination of the specified period of time during which a contingent benefit upon lapse will be available and the substantial premium rate increase that triggers a contingent benefit upon lapse.

NEW SECTION. Sec. 14. A person may not sell, solicit, or negotiate long-term care insurance unless he or she is appropriately licensed as an insurance producer and has successfully completed long-term care coverage education that meets the requirements of this section.

(1) All long-term care education required by this chapter must meet the requirements of chapter 48.17 RCW and rules adopted by the commissioner.

(2)(a)(i) After January 1, 2009, prior to soliciting, selling, or negotiating long-term care insurance coverage, an insurance producer must successfully complete a one-time education course consisting of no fewer than eight hours on long-term care coverage, long-term care services, state and federal regulations and requirements for long-term care and qualified long-term care insurance

coverage, changes or improvements in long-term care services or providers, alternatives to the purchase of long-term care insurance coverage, the effect of inflation on benefits and the importance of inflation protection, and consumer suitability standards and guidelines.

(ii) In order to continue soliciting, selling, or negotiating long-term care coverage in this state, all insurance producers selling, soliciting, or negotiating long-term care insurance coverage prior to the effective date of this act must successfully complete the eight-hour, one-time long-term care education and training course no later than July 1, 2009.

(b) In addition to the one-time education and training requirement set forth in (a) of this subsection, insurance producers who engage in the solicitation, sale, or negotiation of long-term care insurance coverage must successfully complete no fewer than four hours every twenty-four months of continuing education specific to long-term care insurance coverage and issues. Long-term care insurance coverage continuing education shall consist of topics related to long-term care insurance, long-term care services, and, if applicable, qualified state long-term care insurance partnership programs, including, but not limited to, the following:

(i) State and federal regulations and requirements and the relationship between qualified state long-term care insurance partnership programs and other public and private coverage of long-term care services, including medicaid;

(ii) Available long-term care services and providers;

(iii) Changes or improvements in long-term care services or providers;

(iv) Alternatives to the purchase of private long-term care insurance;

(v) The effect of inflation on benefits and the importance of inflation protection;

(vi) This chapter and chapters 48.84 and 48.85 RCW; and

(vii) Consumer suitability standards and guidelines.

(3) The insurance producer education required by this section shall not include training that is issuer or company product-specific or that includes any sales or marketing information, materials, or training, other than those required by state or federal law.

(4) Issuers shall obtain verification that an insurance producer receives training required by this section before that producer is permitted to sell, solicit, or otherwise negotiate the issuer's long-term care insurance products.

(5) Issuers shall maintain records subject to the state's record retention requirements and shall make evidence of that verification available to the commissioner upon request.

(6)(a) Issuers shall maintain records with respect to the training of its producers concerning the distribution of its long-term care partnership policies that will allow the commissioner to provide assurance to the state department of social and health services, medicaid division, that insurance producers engaged in the sale of long-term care insurance contracts have received the training required by this section and any rules adopted by the commissioner, and that producers have demonstrated an understanding of the partnership policies and their relationship to public and private coverage of long-term care, including medicaid, in this state.

(b) These records shall be maintained in accordance with the state's record retention requirements and shall be made available to the commissioner upon request.

(7) The satisfaction of these training requirements for any state shall be deemed to satisfy the training requirements of this state.

NEW SECTION. Sec. 15. Issuers and their agents, if any, must determine whether issuing long-term care insurance coverage to a particular person is appropriate, except in the case of a life insurance policy that accelerates benefits for long-term care.

(1) An issuer must:

(a) Develop and use suitability standards to determine whether the purchase or replacement of long-term care coverage is appropriate for the needs of the applicant or insured;

(b) Train its agents in the use of the issuer's suitability standards; and

(c) Maintain a copy of its suitability standards and make the standards available for inspection, upon request.

(2) The following must be considered when determining whether the applicant meets the issuer's suitability standards:

(a) The ability of the applicant to pay for the proposed coverage and any other relevant financial information related to the purchase of or payment for coverage;

(b) The applicant's goals and needs with respect to long-term care and the advantages and disadvantages of long-term care coverage to meet those goals or needs; and

(c) The values, benefits, and costs of the applicant's existing health or long-term care coverage, if any, when compared to the values, benefits, and costs of the recommended purchase or replacement.

(3) The sale or transfer of any suitability information provided to the issuer or agent by the applicant to any other person or business entity is prohibited.

(4)(a) The commissioner shall adopt, by rule, forms of consumer-friendly personal worksheets that issuers and their agents must use for applications for long-term care coverage.

(b) The commissioner may require each issuer to file its current forms of suitability standards and personal worksheets with the commissioner.

NEW SECTION. Sec. 16. A person engaged in the issuance or solicitation of long-term care coverage shall not engage in unfair methods of competition or unfair or deceptive acts or practices, as such methods, acts, or practices are defined in chapter 48.30 RCW, or as defined by the commissioner.

NEW SECTION. Sec. 17. An issuer or an insurance producer who violates a law or rule relating to the regulation of long-term care insurance or its marketing shall be subject to a fine of up to three times the amount of the commission paid for each policy involved in the violation or up to ten thousand dollars, whichever is greater.

NEW SECTION. Sec. 18. (1) The commissioner must adopt rules that include standards for full and fair disclosure setting forth the manner, content, and required disclosures for the sale of long-term care insurance policies, terms of renewability, initial and subsequent conditions of eligibility, nonduplication of coverage provisions, coverage of dependents, preexisting conditions,

termination of insurance, continuation or conversion, probationary periods, limitations, exceptions, reductions, elimination periods, requirements for replacement, recurrent conditions, and definitions of terms. The commissioner must adopt rules establishing loss ratio standards for long-term care insurance policies. The commissioner must adopt rules to promote premium adequacy and to protect policyholders in the event of proposed substantial rate increases, and to establish minimum standards for producer education, marketing practices, producer compensation, producer testing, penalties, and reporting practices for long-term care insurance.

(2) The commissioner shall adopt rules establishing standards protecting patient privacy rights, rights to receive confidential health care services, and standards for an issuer's timely review of a claim denial upon request of a covered person.

(3) The commissioner may adopt reasonable rules to effectuate any provision of this chapter in accordance with the requirements of chapter 34.05 RCW.

Sec. 19. RCW 48.84.010 and 1986 c 170 s 1 are each amended to read as follows:

This chapter may be known and cited as the "long-term care insurance act" and is intended to govern the content and sale of long-term care insurance and long-term care benefit contracts issued before January 1, 2009, as defined in this chapter. This chapter shall be liberally construed to promote the public interest in protecting purchasers of long-term care insurance from unfair or deceptive sales, marketing, and advertising practices. The provisions of this chapter shall apply in addition to other requirements of Title 48 RCW.

Sec. 20. RCW 48.43.005 and 2007 c 296 s 1 and 2007 c 259 s 32 are each reenacted and amended to read as follows:

Unless otherwise specifically provided, the definitions in this section apply throughout this chapter.

(1) "Adjusted community rate" means the rating method used to establish the premium for health plans adjusted to reflect actuarially demonstrated differences in utilization or cost attributable to geographic region, age, family size, and use of wellness activities.

(2) "Basic health plan" means the plan described under chapter 70.47 RCW, as revised from time to time.

(3) "Basic health plan model plan" means a health plan as required in RCW 70.47.060(2)(e).

(4) "Basic health plan services" means that schedule of covered health services, including the description of how those benefits are to be administered, that are required to be delivered to an enrollee under the basic health plan, as revised from time to time.

(5) "Catastrophic health plan" means:

(a) In the case of a contract, agreement, or policy covering a single enrollee, a health benefit plan requiring a calendar year deductible of, at a minimum, one thousand seven hundred fifty dollars and an annual out-of-pocket expense required to be paid under the plan (other than for premiums) for covered benefits of at least three thousand five hundred dollars, both amounts to be adjusted annually by the insurance commissioner; and

(b) In the case of a contract, agreement, or policy covering more than one enrollee, a health benefit plan requiring a calendar year deductible of, at a minimum, three thousand five hundred dollars and an annual out-of-pocket expense required to be paid under the plan (other than for premiums) for covered benefits of at least six thousand dollars, both amounts to be adjusted annually by the insurance commissioner; or

(c) Any health benefit plan that provides benefits for hospital inpatient and outpatient services, professional and prescription drugs provided in conjunction with such hospital inpatient and outpatient services, and excludes or substantially limits outpatient physician services and those services usually provided in an office setting.

In July 2008, and in each July thereafter, the insurance commissioner shall adjust the minimum deductible and out-of-pocket expense required for a plan to qualify as a catastrophic plan to reflect the percentage change in the consumer price index for medical care for a preceding twelve months, as determined by the United States department of labor. The adjusted amount shall apply on the following January 1st.

(6) "Certification" means a determination by a review organization that an admission, extension of stay, or other health care service or procedure has been reviewed and, based on the information provided, meets the clinical requirements for medical necessity, appropriateness, level of care, or effectiveness under the auspices of the applicable health benefit plan.

(7) "Concurrent review" means utilization review conducted during a patient's hospital stay or course of treatment.

(8) "Covered person" or "enrollee" means a person covered by a health plan including an enrollee, subscriber, policyholder, beneficiary of a group plan, or individual covered by any other health plan.

(9) "Dependent" means, at a minimum, the enrollee's legal spouse and unmarried dependent children who qualify for coverage under the enrollee's health benefit plan.

(10) "Eligible employee" means an employee who works on a full-time basis with a normal work week of thirty or more hours. The term includes a self-employed individual, including a sole proprietor, a partner of a partnership, and may include an independent contractor, if the self-employed individual, sole proprietor, partner, or independent contractor is included as an employee under a health benefit plan of a small employer, but does not work less than thirty hours per week and derives at least seventy-five percent of his or her income from a trade or business through which he or she has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form. Persons covered under a health benefit plan pursuant to the consolidated omnibus budget reconciliation act of 1986 shall not be considered eligible employees for purposes of minimum participation requirements of chapter 265, Laws of 1995.

(11) "Emergency medical condition" means the emergent and acute onset of a symptom or symptoms, including severe pain, that would lead a prudent layperson acting reasonably to believe that a health condition exists that requires immediate medical attention, if failure to provide medical attention would result in serious impairment to bodily functions or serious dysfunction of a bodily organ or part, or would place the person's health in serious jeopardy.

(12) "Emergency services" means otherwise covered health care services medically necessary to evaluate and treat an emergency medical condition, provided in a hospital emergency department.

(13) "Enrollee point-of-service cost-sharing" means amounts paid to health carriers directly providing services, health care providers, or health care facilities by enrollees and may include copayments, coinsurance, or deductibles.

(14) "Grievance" means a written complaint submitted by or on behalf of a covered person regarding: (a) Denial of payment for medical services or nonprovision of medical services included in the covered person's health benefit plan, or (b) service delivery issues other than denial of payment for medical services or nonprovision of medical services, including dissatisfaction with medical care, waiting time for medical services, provider or staff attitude or demeanor, or dissatisfaction with service provided by the health carrier.

(15) "Health care facility" or "facility" means hospices licensed under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW, rural health care facilities as defined in RCW 70.175.020, psychiatric hospitals licensed under chapter 71.12 RCW, nursing homes licensed under chapter 18.51 RCW, community mental health centers licensed under chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed under chapter 70.41 RCW, ambulatory diagnostic, treatment, or surgical facilities licensed under chapter 70.41 RCW, drug and alcohol treatment facilities licensed under chapter 70.96A RCW, and home health agencies licensed under chapter 70.127 RCW, and includes such facilities if owned and operated by a political subdivision or instrumentality of the state and such other facilities as required by federal law and implementing regulations.

(16) "Health care provider" or "provider" means:

(a) A person regulated under Title 18 or chapter 70.127 RCW, to practice health or health-related services or otherwise practicing health care services in this state consistent with state law; or

(b) An employee or agent of a person described in (a) of this subsection, acting in the course and scope of his or her employment.

(17) "Health care service" means that service offered or provided by health care facilities and health care providers relating to the prevention, cure, or treatment of illness, injury, or disease.

(18) "Health carrier" or "carrier" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, a health care service contractor as defined in RCW 48.44.010, or a health maintenance organization as defined in RCW 48.46.020.

(19) "Health plan" or "health benefit plan" means any policy, contract, or agreement offered by a health carrier to provide, arrange, reimburse, or pay for health care services except the following:

(a) Long-term care insurance governed by chapter 48.84 (~~RCW~~) or 48.—RCW (sections 1 through 18 of this act);

(b) Medicare supplemental health insurance governed by chapter 48.66 RCW;

(c) Coverage supplemental to the coverage provided under chapter 55, Title 10, United States Code;

(d) Limited health care services offered by limited health care service contractors in accordance with RCW 48.44.035;

(e) Disability income;

(f) Coverage incidental to a property/casualty liability insurance policy such as automobile personal injury protection coverage and homeowner guest medical;

(g) Workers' compensation coverage;

(h) Accident only coverage;

(i) Specified disease or illness-triggered fixed payment insurance, hospital confinement fixed payment insurance, or other fixed payment insurance offered as an independent, noncoordinated benefit;

(j) Employer-sponsored self-funded health plans;

(k) Dental only and vision only coverage; and

(l) Plans deemed by the insurance commissioner to have a short-term limited purpose or duration, or to be a student-only plan that is guaranteed renewable while the covered person is enrolled as a regular full-time undergraduate or graduate student at an accredited higher education institution, after a written request for such classification by the carrier and subsequent written approval by the insurance commissioner.

(20) "Material modification" means a change in the actuarial value of the health plan as modified of more than five percent but less than fifteen percent.

(21) "Preexisting condition" means any medical condition, illness, or injury that existed any time prior to the effective date of coverage.

(22) "Premium" means all sums charged, received, or deposited by a health carrier as consideration for a health plan or the continuance of a health plan. Any assessment or any "membership," "policy," "contract," "service," or similar fee or charge made by a health carrier in consideration for a health plan is deemed part of the premium. "Premium" shall not include amounts paid as enrollee point-of-service cost-sharing.

(23) "Review organization" means a disability insurer regulated under chapter 48.20 or 48.21 RCW, health care service contractor as defined in RCW 48.44.010, or health maintenance organization as defined in RCW 48.46.020, and entities affiliated with, under contract with, or acting on behalf of a health carrier to perform a utilization review.

(24) "Small employer" or "small group" means any person, firm, corporation, partnership, association, political subdivision, sole proprietor, or self-employed individual that is actively engaged in business that, on at least fifty percent of its working days during the preceding calendar quarter, employed at least two but no more than fifty eligible employees, with a normal work week of thirty or more hours, the majority of whom were employed within this state, and is not formed primarily for purposes of buying health insurance and in which a bona fide employer-employee relationship exists. In determining the number of eligible employees, companies that are affiliated companies, or that are eligible to file a combined tax return for purposes of taxation by this state, shall be considered an employer. Subsequent to the issuance of a health plan to a small employer and for the purpose of determining eligibility, the size of a small employer shall be determined annually. Except as otherwise specifically provided, a small employer shall continue to be considered a small employer until the plan anniversary following the date the small employer no longer meets the requirements of this definition. A self-employed individual or sole proprietor must derive at least seventy-five percent of his or her income from a trade or business through which the individual or sole proprietor has

attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form 1040, schedule C or F, for the previous taxable year except for a self-employed individual or sole proprietor in an agricultural trade or business, who must derive at least fifty-one percent of his or her income from the trade or business through which the individual or sole proprietor has attempted to earn taxable income and for which he or she has filed the appropriate internal revenue service form 1040, for the previous taxable year. A self-employed individual or sole proprietor who is covered as a group of one on the day prior to June 10, 2004, shall also be considered a "small employer" to the extent that individual or group of one is entitled to have his or her coverage renewed as provided in RCW 48.43.035(6).

(25) "Utilization review" means the prospective, concurrent, or retrospective assessment of the necessity and appropriateness of the allocation of health care resources and services of a provider or facility, given or proposed to be given to an enrollee or group of enrollees.

(26) "Wellness activity" means an explicit program of an activity consistent with department of health guidelines, such as, smoking cessation, injury and accident prevention, reduction of alcohol misuse, appropriate weight reduction, exercise, automobile and motorcycle safety, blood cholesterol reduction, and nutrition education for the purpose of improving enrollee health status and reducing health service costs.

Sec. 21. RCW 48.85.010 and 1995 1st sp.s. c 18 s 76 are each amended to read as follows:

The department of social and health services shall, in conjunction with the office of the insurance commissioner, coordinate a long-term care insurance program entitled the Washington long-term care partnership, whereby private insurance and medicaid funds shall be used to finance long-term care. For individuals purchasing a long-term care insurance policy or contract governed by chapter 48.84 ((RCW)) or 48.—RCW (sections 1 through 18 of this act) and meeting the criteria prescribed in this chapter, and any other terms as specified by the office of the insurance commissioner and the department of social and health services, this program shall allow for the exclusion of some or all of the individual's assets in determination of medicaid eligibility as approved by the federal health care financing administration.

NEW SECTION. **Sec. 22.** Sections 1 through 18 of this act constitute a new chapter in Title 48 RCW.

NEW SECTION. **Sec. 23.** 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. 24.** This act takes effect January 1, 2009.

Passed by the House March 8, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 146

[Engrossed Second Substitute House Bill 2668]

LONG-TERM CARE

AN ACT Relating to long-term care; amending RCW 74.41.040, 18.20.350, 74.41.050, 74.38.030, 74.38.040, 18.79.260, and 18.88A.210; adding a new section to chapter 43.70 RCW; adding new sections to chapter 74.39A RCW; adding a new section to chapter 74.34 RCW; adding a new section to chapter 74.09 RCW; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that Washingtonians sixty-five years of age and older will nearly double in the next twenty years, from eleven percent of our population today to almost twenty percent of our population in 2025. Younger people with disabilities will also require supportive long-term care services. Nationally, young people with a disability account for thirty seven percent of the total number of people who need long-term care.

The legislature further finds that to address this increasing need, the long-term care system should support autonomy and self-determination, and support the role of informal caregivers and families. It should promote personal planning and savings combined with public support, when needed. It should also include culturally appropriate, high quality information, services, and supports delivered in a cost-effective and efficient manner.

The legislature further finds that more than fifteen percent of adults over age sixty-five in Washington state have diabetes. Current nurse delegation statutes limit the ability of elderly and disabled persons with diabetes to remain in their own homes or in other home-like long-term care settings. It is the intent of the legislature to modify nurse delegation statutes to enable elderly persons and persons with disabilities who have diabetes to continue to reside in their own home or other home-like settings.

The legislature further finds that the long-term care system should utilize evidence-based practices for the prevention and management of chronic disease to improve the general health of Washingtonians over their lifetime and reduce health care and long-term care costs related to ineffective chronic care management.

Sec. 2. RCW 74.41.040 and 1987 c 409 s 3 are each amended to read as follows:

The department shall administer this chapter and shall establish such rules and standards as the department deems necessary in carrying out this chapter. The department shall not require the development of plans of care or discharge plans by nursing homes or adult family homes providing respite care service under this chapter. Boarding homes providing respite care services shall comply with the assessment and plan of care provisions of RCW 18.20.350.

The department shall develop standards for the respite program in conjunction with the selected area agencies on aging. The program standards shall serve as the basis for soliciting bids, entering into subcontracts, and developing sliding fee scales to be used in determining the ability of eligible participants to participate in paying for respite care.

Sec. 3. RCW 18.20.350 and 2004 c 142 s 7 are each amended to read as follows:

(1) The boarding home licensee shall conduct a preadmission assessment for each resident applicant. The preadmission assessment shall include the following information, unless unavailable despite the best efforts of the licensee:

- (a) Medical history;
- (b) Necessary and contraindicated medications;
- (c) A licensed medical or health professional's diagnosis, unless the individual objects for religious reasons;
- (d) Significant known behaviors or symptoms that may cause concern or require special care;
- (e) Mental illness diagnosis, except where protected by confidentiality laws;
- (f) Level of personal care needs;
- (g) Activities and service preferences; and
- (h) Preferences regarding other issues important to the resident applicant, such as food and daily routine.

(2) The boarding home licensee shall complete the preadmission assessment before admission unless there is an emergency. If there is an emergency admission, the preadmission assessment shall be completed within five days of the date of admission. For purposes of this section, "emergency" includes, but is not limited to: Evening, weekend, or Friday afternoon admissions if the resident applicant would otherwise need to remain in an unsafe setting or be without adequate and safe housing.

(3) The boarding home licensee shall complete an initial resident service plan upon move-in to identify the resident's immediate needs and to provide direction to staff and caregivers relating to the resident's immediate needs. The initial resident service plan shall include as much information as can be obtained, under subsection (1) of this section.

(4) When a facility provides respite care, before or at the time of admission, the facility must obtain sufficient information to meet the individual's anticipated needs. At a minimum, such information must include:

(a) The name, address, and telephone number of the individual's attending physician, and alternate physician if any;

(b) Medical and social history, which may be obtained from a respite care assessment and service plan performed by a case manager designated by an area agency on aging under contract with the department, and mental and physical assessment data;

(c) Physician's orders for diet, medication, and routine care consistent with the individual's status on admission;

(d) Ensure the individuals have assessments performed, where needed, and where the assessment of the individual reveals symptoms of tuberculosis, follow required tuberculosis testing requirements; and

(e) With the participation of the individual and, where appropriate, their representative, develop a plan of care to maintain or improve their health and functional status during their stay in the facility.

Sec. 4. RCW 74.41.050 and 2000 c 207 s 4 are each amended to read as follows:

The department shall contract with area agencies on aging or other appropriate agencies to conduct family caregiver long-term care information and support services to the extent of available funding. The responsibilities of the agencies shall include but not be limited to: (1) Administering a program of

family caregiver long-term care information and support services; ~~((and))~~ (2) negotiating rates of payment, administering sliding-fee scales to enable eligible participants to participate in paying for respite care, and arranging for respite care information, training, and other support services; and (3) developing an evidence-based tailored caregiver assessment and referral tool. In evaluating the need for respite services, consideration shall be given to the mental and physical ability of the caregiver to perform necessary caregiver functions.

Sec. 5. RCW 74.38.030 and 1975-'76 2nd ex.s. c 131 s 3 are each amended to read as follows:

(1) The program of community based services authorized under this chapter shall be administered by the department. Such services may be provided by the department or through purchase of service contracts, vendor payments or direct client grants.

The department shall, under stipend or grant programs provided under RCW 74.38.060, utilize, to the maximum staffing level possible, eligible persons in its administration, supervision, and operation.

(2) The department shall be responsible for planning, coordination, monitoring and evaluation of services provided under this chapter but shall avoid duplication of services.

(3) The department may designate area agencies in cities of not less than twenty thousand population or in regional areas within the state. These agencies shall submit area plans, as required by the department. For area plans prepared for submission in 2009, and thereafter, the area agencies may include the findings and recommendations of area-wide planning initiatives that they may undertake with appropriate local and regional partners regarding the changing age demographics of their area and the implications of this demographic change for public policies and public services. They shall also submit, in the manner prescribed by the department, such other program or fiscal data as may be required.

(4) The department shall develop an annual state plan pursuant to the Older Americans Act of 1965, as now or hereafter amended. This plan shall include, but not be limited to:

- (a) Area agencies' programs and services approved by the department;
- (b) Other programs and services authorized by the department; and
- (c) Coordination of all programs and services.

(5) The department shall establish rules and regulations for the determination of low income eligible persons. Such determination shall be related to need based on the initial resources and subsequent income of the person entering into a program or service. This determination shall not prevent the eligible person from utilizing a program or service provided by the department or area agency. However, if the determination is that such eligible person is nonlow income, the provision of RCW 74.38.050 shall be applied as of the date of such determination.

***Sec. 6.** *RCW 74.38.040 and 1983 c 290 s 14 are each amended to read as follows:*

The community based services for low-income eligible persons provided by the department or the respective area agencies may include:

(1) Access services designed to provide identification of eligible persons, assessment of individual needs, reference to the appropriate service, and follow-up service where required. These services shall include information and referral, outreach, transportation and counseling. They shall also include long-term care planning and options counseling, information and crisis intervention, and streamlined assistance to access a wide array of public and private community-based services. Services would be available to individuals, concerned families or friends, or professionals working with issues related to aging, disabilities, and caregivers;

(2) Day care offered on a regular, recurrent basis. General nursing, rehabilitation, personal care, nutritional services, social casework, mental health as provided pursuant to chapter 71.24 RCW and/or limited transportation services may be made available within this program;

(3) In-home care for persons, including basic health care; performance of various household tasks and other necessary chores, or, a combination of these services;

(4) Counseling on death for the terminally ill and care and attendance at the time of death; except, that this is not to include reimbursement for the use of life-sustaining mechanisms;

(5) Health services which will identify health needs and which are designed to avoid institutionalization; assist in securing admission to medical institutions or other health related facilities when required; and, assist in obtaining health services from public or private agencies or providers of health services. These services shall include health screening and evaluation, in-home services, health education, and such health appliances which will further the independence and well-being of the person;

(6) The provision of low cost, nutritionally sound meals in central locations or in the person's home in the instance of incapacity. Also, supportive services may be provided in nutritional education, shopping assistance, diet counseling and other services to sustain the nutritional well-being of these persons;

(7) The provisions of services to maintain a person's home in a state of adequate repair, insofar as is possible, for their safety and comfort. These services shall be limited, but may include housing counseling, minor repair and maintenance, and moving assistance when such repair will not attain standards of health and safety, as determined by the department;

(8) Civil legal services, as limited by RCW 2.50.100, for counseling and representation in the areas of housing, consumer protection, public entitlements, property, and related fields of law;

(9) Long-term care ombudsman programs for residents of all long-term care facilities.

**Sec. 6 was vetoed. See message at end of chapter.*

NEW SECTION. **Sec. 7.** A new section is added to chapter 43.70 RCW to read as follows:

Within funds appropriated for this purpose, the department shall develop a statewide fall prevention program. The program shall include networking community services, identifying service gaps, making affordable senior-based, evaluated exercise programs more available, providing consumer education to

older adults, their adult children, and the community at large, and conducting professional education on fall risk identification and reduction.

NEW SECTION. Sec. 8. A new section is added to chapter 74.39A RCW to read as follows:

Within funds appropriated for this purpose, the department shall provide additional support for residents in community settings who exhibit challenging behaviors that put them at risk for institutional placement. The residents must be receiving services under the community options program entry system waiver or the medically needy residential facility waiver under section 1905(c) of the federal social security act and must have been evaluated under the individual comprehensive assessment reporting and evaluation process.

***NEW SECTION. Sec. 9.** A new section is added to chapter 74.39A RCW to read as follows:

Within funds appropriated for this specific purpose, the department shall develop a challenge grant program to assist communities and organizations in efforts to plan and establish additional adult day service programs throughout the state. The challenge grant program shall provide financial grants, not to exceed fifty thousand dollars for each grant, for the purpose of helping to meet the costs of planning, development, and start-up of new adult day service programs in underserved communities. Recipients of these grants must provide matching resources, in funds or in-kind, of equal value to any grant received. Any adult day services program developed after receiving a challenge grant must agree to serve people whose care is paid for by the state on a first-come, first-served basis, regardless of the source of payment.

*Sec. 9 was vetoed. See message at end of chapter.

NEW SECTION. Sec. 10. A new section is added to chapter 74.34 RCW to read as follows:

(1) The department may conduct a vulnerable adult fatality review in the event of a death of a vulnerable adult when the department has reason to believe that the death of the vulnerable adult may be related to the abuse, abandonment, exploitation, or neglect of the vulnerable adult, or may be related to the vulnerable adult's self-neglect, and the vulnerable adult was:

(a) Receiving home and community-based services in his or her own home, described under chapters 74.39 and 74.39A RCW, within sixty days preceding his or her death; or

(b) Living in his or her own home and was the subject of a report under this chapter received by the department within twelve months preceding his or her death.

(2) When conducting a vulnerable adult fatality review of a person who had been receiving hospice care services before the person's death, the review shall provide particular consideration to the similarities between the signs and symptoms of abuse and those of many patients receiving hospice care services.

(3) All files, reports, records, communications, and working papers used or developed for purposes of a fatality review are confidential and not subject to disclosure pursuant to RCW 74.34.095.

(4) The department may adopt rules to implement this section.

Sec. 11. RCW 18.79.260 and 2003 c 140 s 2 are each amended to read as follows:

(1) A registered nurse under his or her license may perform for compensation nursing care, as that term is usually understood, to individuals with illnesses, injuries, or disabilities.

(2) A registered nurse may, at or under the general direction of a licensed physician and surgeon, dentist, osteopathic physician and surgeon, naturopathic physician, podiatric physician and surgeon, physician assistant, osteopathic physician assistant, or advanced registered nurse practitioner acting within the scope of his or her license, administer medications, treatments, tests, and inoculations, whether or not the severing or penetrating of tissues is involved and whether or not a degree of independent judgment and skill is required. Such direction must be for acts which are within the scope of registered nursing practice.

(3) A registered nurse may delegate tasks of nursing care to other individuals where the registered nurse determines that it is in the best interest of the patient.

(a) The delegating nurse shall:

(i) Determine the competency of the individual to perform the tasks;

(ii) Evaluate the appropriateness of the delegation;

(iii) Supervise the actions of the person performing the delegated task; and

(iv) Delegate only those tasks that are within the registered nurse's scope of practice.

(b) A registered nurse, working for a home health or hospice agency regulated under chapter 70.127 RCW, may delegate the application, instillation, or insertion of medications to a registered or certified nursing assistant under a plan of care.

(c) Except as authorized in (b) or (e) of this subsection, a registered nurse may not delegate the administration of medications. Except as authorized in (e) of this subsection, a registered nurse may not delegate acts requiring substantial skill, and may not delegate piercing or severing of tissues. Acts that require nursing judgment shall not be delegated.

(d) No person may coerce a nurse into compromising patient safety by requiring the nurse to delegate if the nurse determines that it is inappropriate to do so. Nurses shall not be subject to any employer reprisal or disciplinary action by the nursing care quality assurance commission for refusing to delegate tasks or refusing to provide the required training for delegation if the nurse determines delegation may compromise patient safety.

(e) For delegation in community-based care settings or in-home care settings, a registered nurse may delegate nursing care tasks only to registered or certified nursing assistants. Simple care tasks such as blood pressure monitoring, personal care service, diabetic insulin device set up, verbal verification of insulin dosage for sight-impaired individuals, or other tasks as defined by the nursing care quality assurance commission are exempted from this requirement.

(i) "Community-based care settings" includes: Community residential programs for ~~((the developmentally disabled))~~ people with developmental disabilities, certified by the department of social and health services under chapter 71A.12 RCW; adult family homes licensed under chapter 70.128 RCW; and boarding homes licensed under chapter 18.20 RCW. Community-based care settings do not include acute care or skilled nursing facilities.

(ii) "In-home care settings" include an individual's place of temporary or permanent residence, but does not include acute care or skilled nursing facilities, and does not include community-based care settings as defined in (e)(i) of this subsection.

(iii) Delegation of nursing care tasks in community-based care settings and in-home care settings is only allowed for individuals who have a stable and predictable condition. "Stable and predictable condition" means a situation in which the individual's clinical and behavioral status is known and does not require the frequent presence and evaluation of a registered nurse.

(iv) The determination of the appropriateness of delegation of a nursing task is at the discretion of the registered nurse. ~~((However))~~ Other than delegation of the administration of insulin by injection for the purpose of caring for individuals with diabetes, the administration of medications by injection, sterile procedures, and central line maintenance may never be delegated.

(v) When delegating insulin injections under this section, the registered nurse delegator must instruct the individual regarding proper injection procedures and the use of insulin, demonstrate proper injection procedures, and must supervise and evaluate the individual performing the delegated task weekly during the first four weeks of delegation of insulin injections. If the registered nurse delegator determines that the individual is competent to perform the injection properly and safely, supervision and evaluation shall occur at least every ninety days thereafter.

(vi) The registered nurse shall verify that the nursing assistant has completed the required core nurse delegation training required in chapter 18.88A RCW prior to authorizing delegation.

~~((vii))~~ (vii) The nurse is accountable for his or her own individual actions in the delegation process. Nurses acting within the protocols of their delegation authority are immune from liability for any action performed in the course of their delegation duties.

~~((viii))~~ (viii) Nursing task delegation protocols are not intended to regulate the settings in which delegation may occur, but are intended to ensure that nursing care services have a consistent standard of practice upon which the public and the profession may rely, and to safeguard the authority of the nurse to make independent professional decisions regarding the delegation of a task.

(f) The nursing care quality assurance commission may adopt rules to implement this section.

(4) Only a person licensed as a registered nurse may instruct nurses in technical subjects pertaining to nursing.

(5) Only a person licensed as a registered nurse may hold herself or himself out to the public or designate herself or himself as a registered nurse.

Sec. 12. RCW 18.88A.210 and 2003 c 140 s 5 are each amended to read as follows:

(1) A nursing assistant meeting the requirements of this section who provides care to individuals in community-based care settings or in-home care settings, as defined in RCW 18.79.260(3), may accept delegation of nursing care tasks by a registered nurse as provided in RCW 18.79.260(3).

(2) For the purposes of this section, "nursing assistant" means a nursing assistant-registered or a nursing assistant-certified. Nothing in this section may

be construed to affect the authority of nurses to delegate nursing tasks to other persons, including licensed practical nurses, as authorized by law.

(3)(a) Before commencing any specific nursing care tasks authorized under this chapter, the nursing assistant must ~~((a))~~ (i) provide to the delegating nurse a certificate of completion issued by the department of social and health services indicating the completion of basic core nurse delegation training, ~~((b))~~ (ii) be regulated by the department of health pursuant to this chapter, subject to the uniform disciplinary act under chapter 18.130 RCW, and ~~((c))~~ (iii) meet any additional training requirements identified by the nursing care quality assurance commission. Exceptions to these training requirements must adhere to RCW 18.79.260(3)(e)~~((f))~~ (vi).

(b) In addition to meeting the requirements of (a) of this subsection, before commencing the care of individuals with diabetes that involves administration of insulin by injection, the nursing assistant must provide to the delegating nurse a certificate of completion issued by the department of social and health services indicating completion of specialized diabetes nurse delegation training. The training must include, but is not limited to, instruction regarding diabetes, insulin, sliding scale insulin orders, and proper injection procedures.

NEW SECTION. Sec. 13. A new section is added to chapter 74.09 RCW to read as follows:

Within funds appropriated for this purpose, the department shall establish two dental access projects to serve seniors and other adults who are categorically needy blind or disabled. The projects shall provide:

- (1) Enhanced reimbursement rates for certified dentists for specific procedures, to begin no sooner than July 1, 2009;
- (2) Reimbursement for trained medical providers for preventive oral health services, to begin no sooner than July 1, 2009;
- (3) Training, development, and implementation through a partnership with the University of Washington school of dentistry;
- (4) Local program coordination including outreach and case management; and
- (5) An evaluation that measures the change in utilization rates and cost savings.

NEW SECTION. Sec. 14. 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. 15. If specific funding for the purposes of sections 4, 6, 7, 8, and 9 of this act, referencing the section by section number and by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, each section not referenced is null and void.

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 25, 2008, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State March 25, 2008.

Note: Governor's explanation of partial veto is as follows:

"I am returning, without my approval as to Sections 6 and 9, Engrossed Second Substitute House Bill 2668 entitled:

"AN ACT Relating to long-term care."

This bill includes the policy recommendations from the Governor's Long-Term Care Task Force designed to meet increased demands for long-term care that supports autonomy and self-determination in people's homes and in community settings rather than institutions.

Sections 6 and 9 were not funded by the legislature in the budget, and are therefore null and void pursuant to Section 15 of this bill. For these reasons, I have vetoed Sections 6 and 9 of Engrossed Second Substitute House Bill 2668.

With the exception of Sections 6 and 9, Engrossed Second Substitute House Bill 2668 is approved."

CHAPTER 147

[Substitute House Bill 2881]

DENTISTRY PRACTICE—LICENSING

AN ACT Relating to the practice of dentistry; amending RCW 18.32.215; adding a new section to chapter 18.32 RCW; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 18.32.215 and 2003 c 57 s 2 are each amended to read as follows:

(1) An applicant holding a valid license and currently engaged in practice in another state may be granted a license without examination required by this chapter, on the payment of any required fees, if the applicant:

(a) Is a graduate of a dental college, school, or dental department of an institution approved by the commission under RCW 18.32.040(1); or

(b)(i) Has practiced in another state for at least four years; and

(ii) Has completed a one-year postdoctoral residency approved by the commission. The residency may have been completed outside Washington.

(2) The commission may also require the applicant to: ~~((1))~~ (a) File with the commission documentation certifying the applicant is licensed to practice in another state; and ~~((2))~~ (b) provide information as the commission deems necessary pertaining to the conditions and criteria of the Uniform Disciplinary Act, chapter 18.130 RCW, and to demonstrate to the commission a knowledge of Washington law pertaining to the practice of dentistry.

NEW SECTION. **Sec. 2.** A new section is added to chapter 18.32 RCW to read as follows:

By November 15, 2009, the commission shall report to the governor and the legislature with recommendations for appropriate standards for issuing a license to a foreign-trained dentist. The recommendations shall consider the balance between maintaining assurances that Washington's dental professionals are well-qualified and planning for an adequate supply of dentists to meet the future needs of Washington's diverse urban and rural communities. In addition to considering the use of standards established by accreditation organizations, the recommendations shall consider other options to reduce barriers to licensure.

NEW SECTION. **Sec. 3.** This act expires July 1, 2010.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 25, 2008.
Filed in Office of Secretary of State March 25, 2008.

CHAPTER 148

[Second Substitute House Bill 2903]

ACCESS TO COURTS—PERSONS WITH DISABILITIES

AN ACT Relating to providing equal access to courts for persons with disabilities; adding a new section to chapter 2.56 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 2.56 RCW to read as follows:

(1) Washington state courts are required by chapter 49.60 RCW, the law against discrimination, and by 42 U.S.C. Sec. 12101 et seq., the Americans with disabilities act, to provide equal access to persons with disabilities. To assist the courts to comply with these laws, the administrative office of the courts shall, subject to the availability of funds appropriated for this purpose, create the position of court access and accommodations coordinator.

(2) The coordinator shall:

(a) Review the needs of courts statewide for training and other assistance required to provide access and accommodation for persons with disabilities;

(b) Provide guidance and assistance upon request;

(c) Identify appropriate assistive devices and establish a system to improve courts' access to such devices.

(3) In carrying out the duties under this section, the coordinator shall consult with persons with disabilities, and shall facilitate communication between the administrative office of the courts and such persons and their representative groups.

NEW SECTION. Sec. 2. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the House February 19, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 149

[Substitute House Bill 3002]

BARGAINING AND ARBITRATION—WASHINGTON STATE PATROL OFFICERS

AN ACT Relating to applying arbitration to bargaining by the state and the Washington state patrol; and amending RCW 41.56.475.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 41.56.475 and 2005 c 438 s 2 are each amended to read as follows:

In addition to the classes of employees listed in RCW 41.56.030(7), the provisions of RCW 41.56.430 through 41.56.452 and 41.56.470, 41.56.480, and

41.56.490 also apply to Washington state patrol officers appointed under RCW 43.43.020 as provided in this section, subject to the following:

(1) Within ten working days after the first Monday in September of every odd-numbered year, the state's bargaining representative and the bargaining representative for the appropriate bargaining unit shall attempt to agree on an interest arbitration panel consisting of three members to be used if the parties are not successful in negotiating a comprehensive collective bargaining agreement. Each party shall name one person to serve as its arbitrator on the arbitration panel. The two members so appointed shall meet within seven days following the appointment of the later appointed member to attempt to choose a third member to act as the neutral chair of the arbitration panel. Upon the failure of the arbitrators to select a neutral chair within seven days, the two appointed members shall use one of the two following options in the appointment of the third member, who shall act as chair of the panel: (a) By mutual consent, the two appointed members may jointly request the commission to, and the commission shall, appoint a third member within two days of such a request. Costs of each party's appointee shall be borne by each party respectively; other costs of the arbitration proceedings shall be borne by the commission; or (b) either party may apply to the commission, the federal mediation and conciliation service, or the American arbitration association to provide a list of five qualified arbitrators from which the neutral chair shall be chosen. Each party shall pay the fees and expenses of its arbitrator, and the fees and expenses of the neutral chair shall be shared equally between the parties. Immediately upon selecting an interest arbitration panel, the parties shall cooperate to reserve dates with the arbitration panel for potential arbitration between August 1st and September 15th of the following even-numbered year. The parties shall also prepare a schedule of at least five negotiation dates for the following year, absent an agreement to the contrary. The parties shall execute a written agreement before November 1st of each odd-numbered year setting forth the names of the members of the arbitration panel and the dates reserved for bargaining and arbitration. This subsection imposes minimum obligations only and is not intended to define or limit a party's full, good faith bargaining obligation under other sections of this chapter.

(2) The mediator or arbitration panel may consider only matters that are subject to bargaining under RCW 41.56.473.

~~((2))~~ (3) The decision of an arbitration panel is not binding on the legislature and, if the legislature does not approve the funds necessary to implement provisions pertaining to wages and wage-related matters of an arbitrated collective bargaining agreement, is not binding on the state or the Washington state patrol.

~~((3))~~ (4) In making its determination, the arbitration panel shall be mindful of the legislative purpose enumerated in RCW 41.56.430 and, as additional standards or guidelines to aid it in reaching a decision, shall take into consideration the following factors:

- (a) The constitutional and statutory authority of the employer;
- (b) Stipulations of the parties;
- (c) Comparison of the hours and conditions of employment of personnel involved in the proceedings with the hours and conditions of employment of like

personnel of like employers of similar size on the west coast of the United States;

(d) Changes in any of the foregoing circumstances during the pendency of the proceedings; and

(e) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of matters that are subject to bargaining under RCW 41.56.473.

Passed by the House February 15, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 150

[House Bill 3088]

DENTAL ASSISTANT EDUCATION

AN ACT Relating to dental assistant education and training programs; and amending RCW 18.260.110.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 18.260.110 and 2007 c 269 s 11 are each amended to read as follows:

Nothing in this chapter may be construed to prohibit or restrict:

(1) The practice of a dental assistant in the discharge of official duties by dental assistants in the United States federal services on federal reservations, including but not limited to the armed services, coast guard, public health service, veterans' bureau, or bureau of Indian affairs; ((~~or~~))

(2) Expanded function dental auxiliary education and training programs approved by the commission and the practice as an expanded function dental auxiliary by students in expanded function dental auxiliary education and training programs approved by the commission, when acting under the direction and supervision of persons licensed under chapter 18.29 or 18.32 RCW;

(3) Dental assistant education and training programs, and the practice of dental assisting by students in dental assistant education and training programs approved by the commission or offered at a school approved or licensed by the workforce training and education coordinating board, higher education coordinating board, state board for community and technical colleges, or Washington state skill centers certified by the office of the superintendent of public instruction, when acting under the direction and supervision of persons registered or licensed under this chapter or chapter 18.29 or 18.32 RCW; or

(4) The practice of a volunteer dental assistant providing services under the supervision of a licensed dentist in a charitable dental clinic, as approved by the commission in rule.

Passed by the House March 8, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 151

[Substitute House Bill 3144]

CONSUMER PROTECTION WEB SITE

AN ACT Relating to improving outreach to consumers through creation of a consumer protection web site and information line; adding a new section to chapter 43.105 RCW; creating new sections; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that in an era of consumer product recalls, increasing state emphasis on quality ratings and accountability, and decreasing resources at the federal level for consumer protection, there may be a gap in outreach to consumers in the state. The legislature further finds that many state agencies provide helpful information to consumers, but consumers may not always know where to look to find such information. To remedy this potential information gap, the legislature declares that a "one-stop" consumer protection web site should be created so that consumers in Washington state have access to clear and appropriate information regarding consumer services that are available to them across state government.

NEW SECTION. Sec. 2. A new section is added to chapter 43.105 RCW to read as follows:

(1) The department shall coordinate among state agencies to develop a consumer protection web site. The web site shall serve as a one-stop web site for consumer information. At a minimum, the web site must provide links to information on:

(a) Insurance information provided by the office of the insurance commissioner, including information on how to file consumer complaints against insurance companies, how to look up authorized insurers, and how to learn more about health insurance benefits;

(b) Child care information provided by the department of early learning, including how to select a child care provider, how child care providers are rated, and information about product recalls;

(c) Financial information provided by the department of financial institutions, including consumer information on financial fraud, investing, credit, and enforcement actions;

(d) Health care information provided by the department of health, including health care provider listings and quality assurance information;

(e) Home care information provided by the home care quality authority, including information to assist consumers in finding an in-home provider;

(f) Licensing information provided by the department of licensing, including information regarding business, vehicle, and professional licensing; and

(g) Other information available on existing state agency web sites that could be a helpful resource for consumers.

(2) By July 1, 2008, state agencies shall report to the department on whether they maintain resources for consumers that could be made available through the consumer protection web site.

(3) By September 1, 2008, the department shall make the consumer protection web site available to the public.

(4) After September 1, 2008, the department, in coordination with other state agencies, shall develop a plan on how to build upon the consumer protection web site to create a consumer protection portal. The plan must also include an examination of the feasibility of developing a toll-free information line to support the consumer protection portal. The plan must be submitted to the governor and the appropriate committees of the legislature by December 1, 2008.

NEW SECTION. Sec. 3. (1) Within existing funds, the attorney general shall conduct a study to:

(a) Determine the percentage of consumer complaints of possible consumer protection act violations received by its consumer resource centers that are resolved to the consumer's satisfaction; and

(b) Develop possible sanctions that the attorney general may use if it determines that a consumer's complaint is legitimate and the business fails to provide the consumer with an adequate remedy or response.

(2) The attorney general shall report its findings to the legislature by December 1, 2008.

NEW SECTION. Sec. 4. Section 3 of this act expires December 31, 2008.

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 152

[Engrossed Second Substitute House Bill 3205]

CHILD WELL-BEING—DEPENDENCY CASES

AN ACT Relating to promoting the long-term well-being of children; amending RCW 13.34.136, 13.34.145, 43.121.185, 43.121.180, 43.121.020, 43.121.015, and 43.15.020; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that meeting the needs of vulnerable children who enter the child welfare system includes protecting the child's right to a safe, stable, and permanent home where the child receives basic nurturing. The legislature also finds that according to measures of timely dependency case processing, many children's cases are not meeting the federal and state standards intended to promote child-centered decision making in dependency cases. The legislature intends to encourage a greater focus on children's developmental needs and to promote closer adherence to timeliness standards in the resolution of dependency cases.

Sec. 2. RCW 13.34.136 and 2007 c 413 s 7 are each amended to read as follows:

(1) A permanency plan shall be developed no later than sixty days from the time the supervising agency assumes responsibility for providing services, including placing the child, or at the time of a hearing under RCW 13.34.130, whichever occurs first. The permanency planning process continues until a permanency planning goal is achieved or dependency is dismissed. The

planning process shall include reasonable efforts to return the child to the parent's home.

(2) The agency supervising the dependency shall submit a written permanency plan to all parties and the court not less than fourteen days prior to the scheduled hearing. Responsive reports of parties not in agreement with the supervising agency's proposed permanency plan must be provided to the supervising agency, all other parties, and the court at least seven days prior to the hearing.

The permanency plan shall include:

(a) A permanency plan of care that shall identify one of the following outcomes as a primary goal and may identify additional outcomes as alternative goals: Return of the child to the home of the child's parent, guardian, or legal custodian; adoption; guardianship; permanent legal custody; long-term relative or foster care, until the child is age eighteen, with a written agreement between the parties and the care provider; successful completion of a responsible living skills program; or independent living, if appropriate and if the child is age sixteen or older. The department shall not discharge a child to an independent living situation before the child is eighteen years of age unless the child becomes emancipated pursuant to chapter 13.64 RCW;

(b) Unless the court has ordered, pursuant to RCW 13.34.130(~~(4)~~) (5), that a termination petition be filed, a specific plan as to where the child will be placed, what steps will be taken to return the child home, what steps the agency will take to promote existing appropriate sibling relationships and/or facilitate placement together or contact in accordance with the best interests of each child, and what actions the agency will take to maintain parent-child ties. All aspects of the plan shall include the goal of achieving permanence for the child.

(i) The agency plan shall specify what services the parents will be offered to enable them to resume custody, what requirements the parents must meet to resume custody, and a time limit for each service plan and parental requirement.

(ii) Visitation is the right of the family, including the child and the parent, in cases in which visitation is in the best interest of the child. Early, consistent, and frequent visitation is crucial for maintaining parent-child relationships and making it possible for parents and children to safely reunify. The agency shall encourage the maximum parent and child and sibling contact possible, when it is in the best interest of the child, including regular visitation and participation by the parents in the care of the child while the child is in placement. Visitation shall not be limited as a sanction for a parent's failure to comply with court orders or services where the health, safety, or welfare of the child is not at risk as a result of the visitation. Visitation may be limited or denied only if the court determines that such limitation or denial is necessary to protect the child's health, safety, or welfare. The court and the agency should rely upon community resources, relatives, foster parents, and other appropriate persons to provide transportation and supervision for visitation to the extent that such resources are available, and appropriate, and the child's safety would not be compromised.

(iii) A child shall be placed as close to the child's home as possible, preferably in the child's own neighborhood, unless the court finds that placement at a greater distance is necessary to promote the child's or parents' well-being.

(iv) The plan shall state whether both in-state and, where appropriate, out-of-state placement options have been considered by the department.

(v) Unless it is not in the best interests of the child, whenever practical, the plan should ensure the child remains enrolled in the school the child was attending at the time the child entered foster care.

(vi) The agency charged with supervising a child in placement shall provide all reasonable services that are available within the agency, or within the community, or those services which the department has existing contracts to purchase. It shall report to the court if it is unable to provide such services; and

(c) If the court has ordered, pursuant to RCW 13.34.130(~~(4)~~) (5), that a termination petition be filed, a specific plan as to where the child will be placed, what steps will be taken to achieve permanency for the child, services to be offered or provided to the child, and, if visitation would be in the best interests of the child, a recommendation to the court regarding visitation between parent and child pending a fact-finding hearing on the termination petition. The agency shall not be required to develop a plan of services for the parents or provide services to the parents if the court orders a termination petition be filed. However, reasonable efforts to ensure visitation and contact between siblings shall be made unless there is reasonable cause to believe the best interests of the child or siblings would be jeopardized.

(3) Permanency planning goals should be achieved at the earliest possible date, (~~preferably before~~). If the child has been in out-of-home care for fifteen of the most recent twenty-two months, the court shall require the department to file a petition seeking termination of parental rights in accordance with RCW 13.34.145(3)(b)(vi). In cases where parental rights have been terminated, the child is legally free for adoption, and adoption has been identified as the primary permanency planning goal, it shall be a goal to complete the adoption within six months following entry of the termination order.

(4) If the court determines that the continuation of reasonable efforts to prevent or eliminate the need to remove the child from his or her home or to safely return the child home should not be part of the permanency plan of care for the child, reasonable efforts shall be made to place the child in a timely manner and to complete whatever steps are necessary to finalize the permanent placement of the child.

(5) The identified outcomes and goals of the permanency plan may change over time based upon the circumstances of the particular case.

(6) The court shall consider the child's relationships with the child's siblings in accordance with RCW 13.34.130(3).

(7) For purposes related to permanency planning:

(a) "Guardianship" means a dependency guardianship or a legal guardianship pursuant to chapter 11.88 RCW or equivalent laws of another state or a federally recognized Indian tribe.

(b) "Permanent custody order" means a custody order entered pursuant to chapter 26.10 RCW.

(c) "Permanent legal custody" means legal custody pursuant to chapter 26.10 RCW or equivalent laws of another state or a federally recognized Indian tribe.

Sec. 3. RCW 13.34.145 and 2007 c 413 s 9 are each amended to read as follows:

(1) The purpose of a permanency planning hearing is to review the permanency plan for the child, inquire into the welfare of the child and progress of the case, and reach decisions regarding the permanent placement of the child.

(a) A permanency planning hearing shall be held in all cases where the child has remained in out-of-home care for at least nine months and an adoption decree, guardianship order, or permanent custody order has not previously been entered. The hearing shall take place no later than twelve months following commencement of the current placement episode.

(b) Whenever a child is removed from the home of a dependency guardian or long-term relative or foster care provider, and the child is not returned to the home of the parent, guardian, or legal custodian but is placed in out-of-home care, a permanency planning hearing shall take place no later than twelve months, as provided in this section, following the date of removal unless, prior to the hearing, the child returns to the home of the dependency guardian or long-term care provider, the child is placed in the home of the parent, guardian, or legal custodian, an adoption decree, guardianship order, or a permanent custody order is entered, or the dependency is dismissed.

(c) Permanency planning goals should be achieved at the earliest possible date, preferably before the child has been in out-of-home care for fifteen months. In cases where parental rights have been terminated, the child is legally free for adoption, and adoption has been identified as the primary permanency planning goal, it shall be a goal to complete the adoption within six months following entry of the termination order.

(2) No later than ten working days prior to the permanency planning hearing, the agency having custody of the child shall submit a written permanency plan to the court and shall mail a copy of the plan to all parties and their legal counsel, if any.

(3) At the permanency planning hearing, the court shall conduct the following inquiry:

(a) If a goal of long-term foster or relative care has been achieved prior to the permanency planning hearing, the court shall review the child's status to determine whether the placement and the plan for the child's care remain appropriate.

(b) In cases where the primary permanency planning goal has not been achieved, the court shall inquire regarding the reasons why the primary goal has not been achieved and determine what needs to be done to make it possible to achieve the primary goal. The court shall review the permanency plan prepared by the agency and make explicit findings regarding each of the following:

(i) The continuing necessity for, and the safety and appropriateness of, the placement;

(ii) The extent of compliance with the permanency plan by the agency and any other service providers, the child's parents, the child, and the child's guardian, if any;

(iii) The extent of any efforts to involve appropriate service providers in addition to agency staff in planning to meet the special needs of the child and the child's parents;

(iv) The progress toward eliminating the causes for the child's placement outside of his or her home and toward returning the child safely to his or her home or obtaining a permanent placement for the child;

(v) The date by which it is likely that the child will be returned to his or her home or placed for adoption, with a guardian or in some other alternative permanent placement; and

(vi) If the child has been placed outside of his or her home for fifteen of the most recent twenty-two months, not including any period during which the child was a runaway from the out-of-home placement or the first six months of any period during which the child was returned to his or her home for a trial home visit, the appropriateness of the permanency plan, whether reasonable efforts were made by the agency to achieve the goal of the permanency plan, and the circumstances which prevent the child from any of the following:

(A) Being returned safely to his or her home;

(B) Having a petition for the involuntary termination of parental rights filed on behalf of the child;

(C) Being placed for adoption;

(D) Being placed with a guardian;

(E) Being placed in the home of a fit and willing relative of the child; or

(F) Being placed in some other alternative permanent placement, including independent living or long-term foster care.

At this hearing, the court shall order the department to file a petition seeking termination of parental rights if the child has been in out-of-home care for fifteen of the last twenty-two months since the date the dependency petition was filed unless the court makes a good cause exception as to why the filing of a termination of parental rights petition is not appropriate. Any good cause finding shall be reviewed at all subsequent hearings pertaining to the child. For purposes of this section, "good cause exception" includes but is not limited to the following: The child is being cared for by a relative; the department has not provided to the child's family such services as the court and the department have deemed necessary for the child's safe return home; or the department has documented in the case plan a compelling reason for determining that filing a petition to terminate parental rights would not be in the child's best interests.

(c)(i) If the permanency plan identifies independent living as a goal, the court shall make a finding that the provision of services to assist the child in making a transition from foster care to independent living will allow the child to manage his or her financial, personal, social, educational, and nonfinancial affairs prior to approving independent living as a permanency plan of care.

(ii) The permanency plan shall also specifically identify the services that will be provided to assist the child to make a successful transition from foster care to independent living.

(iii) The department shall not discharge a child to an independent living situation before the child is eighteen years of age unless the child becomes emancipated pursuant to chapter 13.64 RCW.

(d) If the child has resided in the home of a foster parent or relative for more than six months prior to the permanency planning hearing, the court shall also enter a finding regarding whether the foster parent or relative was informed of the hearing as required in RCW 74.13.280 (~~and 13.34.138~~), 13.34.215(5), and 13.34.096.

(4) In all cases, at the permanency planning hearing, the court shall:

(a)(i) Order the permanency plan prepared by the agency to be implemented; or

(ii) Modify the permanency plan, and order implementation of the modified plan; and

(b)(i) Order the child returned home only if the court finds that a reason for removal as set forth in RCW 13.34.130 no longer exists; or

(ii) Order the child to remain in out-of-home care for a limited specified time period while efforts are made to implement the permanency plan.

(5) Following the first permanency planning hearing, the court shall hold a further permanency planning hearing in accordance with this section at least once every twelve months until a permanency planning goal is achieved or the dependency is dismissed, whichever occurs first.

(6) Prior to the second permanency planning hearing, the agency that has custody of the child shall consider whether to file a petition for termination of parental rights.

(7) If the court orders the child returned home, casework supervision shall continue for at least six months, at which time a review hearing shall be held pursuant to RCW 13.34.138, and the court shall determine the need for continued intervention.

(8) The juvenile court may hear a petition for permanent legal custody when: (a) The court has ordered implementation of a permanency plan that includes permanent legal custody; and (b) the party pursuing the permanent legal custody is the party identified in the permanency plan as the prospective legal custodian. During the pendency of such proceeding, the court shall conduct review hearings and further permanency planning hearings as provided in this chapter. At the conclusion of the legal guardianship or permanent legal custody proceeding, a juvenile court hearing shall be held for the purpose of determining whether dependency should be dismissed. If a guardianship or permanent custody order has been entered, the dependency shall be dismissed.

(9) Continued juvenile court jurisdiction under this chapter shall not be a barrier to the entry of an order establishing a legal guardianship or permanent legal custody when the requirements of subsection (8) of this section are met.

(10) Nothing in this chapter may be construed to limit the ability of the agency that has custody of the child to file a petition for termination of parental rights or a guardianship petition at any time following the establishment of dependency. Upon the filing of such a petition, a fact-finding hearing shall be scheduled and held in accordance with this chapter unless the agency requests dismissal of the petition prior to the hearing or unless the parties enter an agreed order terminating parental rights, establishing guardianship, or otherwise resolving the matter.

(11) The approval of a permanency plan that does not contemplate return of the child to the parent does not relieve the supervising agency of its obligation to provide reasonable services, under this chapter, intended to effectuate the return of the child to the parent, including but not limited to, visitation rights. The court shall consider the child's relationships with siblings in accordance with RCW 13.34.130.

(12) Nothing in this chapter may be construed to limit the procedural due process rights of any party in a termination or guardianship proceeding filed under this chapter.

NEW SECTION. **Sec. 4.** If specific funding for the purposes of sections 2 and 3 of this act, referencing sections 2 and 3 of this act by bill or chapter

number and section number, is not provided by June 30, 2008, in the omnibus appropriations act, sections 2 and 3 of this act are null and void.

Sec. 5. RCW 43.121.185 and 2007 c 466 s 4 are each amended to read as follows:

To recognize the focus on home visitation services, ~~((the Washington council for the prevention of child abuse and neglect is hereby renamed))~~ the children's trust of Washington is hereby renamed the council for children and families. ~~((All references to the Washington council for the prevention of child abuse and neglect in the Revised Code of Washington shall be construed to mean the children's trust of Washington.))~~

Sec. 6. RCW 43.121.180 and 2007 c 466 s 3 are each amended to read as follows:

(1) Within available funds, the ~~((children's trust of Washington))~~ council for children and families shall fund evidence-based and research-based home visitation programs for improving parenting skills and outcomes for children. Home visitation programs must be voluntary and must address the needs of families to alleviate the effect on child development of factors such as poverty, single parenthood, parental unemployment or underemployment, parental disability, or parental lack of high school diploma, which research shows are risk factors for child abuse and neglect and poor educational outcomes.

(2) The ~~((children's trust of Washington))~~ council for children and families shall develop a plan with the department of social and health services, the department of health, the department of early learning, and the family policy council to coordinate or consolidate home visitation services for children and families and report to the appropriate committees of the legislature by December 1, 2007, with their recommendations for implementation of the plan.

Sec. 7. RCW 43.121.020 and 2007 c 144 s 1 are each amended to read as follows:

(1) There is established in the executive office of the governor a ~~((Washington council for the prevention of child abuse and neglect))~~ council for children and families subject to the jurisdiction of the governor.

(2) The council shall be composed of the chairperson and fourteen other members as follows:

(a) The chairperson and six other members shall be appointed by the governor and shall be selected for their interest and expertise in the prevention of child abuse. A minimum of four designees by the governor shall not be affiliated with governmental agencies. The appointments shall be made on a geographic basis to assure statewide representation. Members appointed by the governor shall serve for three-year terms. Vacancies shall be filled for any unexpired term by appointment in the same manner as the original appointments were made.

(b) The secretary of social and health services or the secretary's designee, the superintendent of public instruction or the superintendent's designee, the director of the department of early learning or the director's designee, and the secretary of the department of health or the secretary's designee shall serve as voting members of the council.

(c) In addition to the members of the council, four members of the legislature shall serve as nonvoting, ex officio members of the council, one from

each political caucus of the house of representatives to be appointed by the speaker of the house of representatives and one from each political caucus of the senate to be appointed by the president of the senate.

Sec. 8. RCW 43.121.015 and 1988 c 278 s 4 are each amended to read as follows:

As used in this chapter, the following terms have the meanings indicated unless the context clearly requires otherwise.

- (1) "Child" means an unmarried person who is under eighteen years of age.
- (2) "Council" means the (~~Washington council for the prevention of child abuse and neglect~~) council for children and families.
- (3) "Primary prevention" of child abuse and neglect means any effort designed to inhibit or preclude the initial occurrence of child abuse and neglect, both by the promotion of positive parenting and family interaction, and the remediation of factors linked to causes of child maltreatment.
- (4) "Secondary prevention" means services and programs that identify and assist families under such stress that abuse or neglect is likely or families display symptoms associated with child abuse or neglect.

Sec. 9. RCW 43.15.020 and 2006 c 317 s 4 are each amended to read as follows:

The lieutenant governor serves as president of the senate and is responsible for making appointments to, and serving on, the committees and boards as set forth in this section.

- (1) The lieutenant governor serves on the following boards and committees:
 - (a) Capitol furnishings preservation committee, RCW 27.48.040;
 - (b) Washington higher education facilities authority, RCW 28B.07.030;
 - (c) Productivity board, also known as the employee involvement and recognition board, RCW 41.60.015;
 - (d) State finance committee, RCW 43.33.010;
 - (e) State capitol committee, RCW 43.34.010;
 - (f) Washington health care facilities authority, RCW 70.37.030;
 - (g) State medal of merit nominating committee, RCW 1.40.020;
 - (h) Medal of valor committee, RCW 1.60.020; and
 - (i) Association of Washington generals, RCW 43.15.030.
- (2) The lieutenant governor, and when serving as president of the senate, appoints members to the following boards and committees:
 - (a) Organized crime advisory board, RCW 43.43.858;
 - (b) Civil legal aid oversight committee, RCW 2.53.010;
 - (c) Office of public defense advisory committee, RCW 2.70.030;
 - (d) Washington state gambling commission, RCW 9.46.040;
 - (e) Sentencing guidelines commission, RCW 9.94A.860;
 - (f) State building code council, RCW 19.27.070;
 - (g) Women's history consortium board of advisors, RCW 27.34.365;
 - (h) Financial literacy public-private partnership, RCW 28A.300.450;
 - (i) Joint administrative rules review committee, RCW 34.05.610;
 - (j) Capital projects advisory review board, RCW (~~(39.10.800)~~) 39.10.220;
 - (k) Select committee on pension policy, RCW 41.04.276;
 - (l) Legislative ethics board, RCW 42.52.310;
 - (m) Washington citizens' commission on salaries, RCW 43.03.305;

- (n) Oral history advisory committee, RCW 43.07.230;
 - (o) State council on aging, RCW 43.20A.685;
 - (p) State investment board, RCW 43.33A.020;
 - (q) Capitol campus design advisory committee, RCW 43.34.080;
 - (r) Washington state arts commission, RCW 43.46.015;
 - (s) Information services board, RCW 43.105.032;
 - (t) K-20 educational network board, RCW 43.105.800;
 - (u) Municipal research council, RCW 43.110.010;
 - (v) ~~((Washington council for the prevention of child abuse and neglect))~~
Council for children and families, RCW 43.121.020;
 - (w) PNWER-Net working subgroup under chapter 43.147 RCW;
 - (x) Community economic revitalization board, RCW 43.160.030;
 - (y) Washington economic development finance authority, RCW 43.163.020;
 - (z) Tourism development advisory committee, RCW 43.330.095;
 - (aa) Life sciences discovery fund authority, RCW 43.350.020;
 - (bb) Legislative children's oversight committee, RCW 44.04.220;
 - (cc) Joint legislative audit and review committee, RCW 44.28.010;
 - (dd) Joint committee on energy supply and energy conservation, RCW 44.39.015;
 - (ee) Legislative evaluation and accountability program committee, RCW 44.48.010;
 - (ff) Agency council on coordinated transportation, RCW 47.06B.020;
 - (gg) Manufactured housing task force, RCW 59.22.090;
 - (hh) Washington horse racing commission, RCW 67.16.014;
 - (ii) Correctional industries board of directors, RCW 72.09.080;
 - (jj) Joint committee on veterans' and military affairs, RCW 73.04.150;
 - (kk) Washington state parks centennial advisory committee, RCW 79A.75.010;
 - (ll) Puget Sound council, RCW 90.71.030;
 - (mm) Joint legislative committee on water supply during drought, RCW 90.86.020;
 - (nn) Statute law committee, RCW 1.08.001; and
 - (oo) Joint legislative oversight committee on trade policy, RCW 44.55.020.
- Passed by the House March 10, 2008.
Passed by the Senate March 6, 2008.
Approved by the Governor March 25, 2008.
Filed in Office of Secretary of State March 25, 2008.

CHAPTER 153

[Substitute Senate Bill 5378]

DEEDS OF TRUST

AN ACT Relating to deeds of trust; and amending RCW 61.24.010, 61.24.030, 61.24.040, 61.24.045, 61.24.130, and 61.24.135.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 61.24.010 and 1998 c 295 s 2 are each amended to read as follows:

- (1) The trustee of a deed of trust under this chapter shall be:

(a) Any domestic corporation incorporated under Title 23B, 30, 31, 32, or 33 RCW of which at least one officer is a Washington resident; or

(b) Any title insurance company authorized to insure title to real property under the laws of this state, or its agents; or

(c) Any attorney who is an active member of the Washington state bar association at the time the attorney is named trustee; or

(d) Any professional corporation incorporated under chapter 18.100 RCW, any professional limited liability company formed under chapter 25.15 RCW, any general partnership, including limited liability partnerships, formed under chapter 25.04 RCW, all of whose shareholders, members, or partners, respectively, are either licensed attorneys or entities, provided all of the owners of those entities are licensed attorneys, or any domestic corporation wholly owned by any of the entities under this subsection (1)(d); or

(e) Any agency or instrumentality of the United States government; or

(f) Any national bank, savings bank, or savings and loan association chartered under the laws of the United States.

(2) The trustee may resign at its own election or be replaced by the beneficiary. The trustee shall give prompt written notice of its resignation to the beneficiary. The resignation of the trustee shall become effective upon the recording of the notice of resignation in each county in which the deed of trust is recorded. If a trustee is not appointed in the deed of trust, or upon the resignation, incapacity, disability, absence, or death of the trustee, or the election of the beneficiary to replace the trustee, the beneficiary shall appoint a trustee or a successor trustee. Upon recording the appointment of a successor trustee in each county in which the deed of trust is recorded, the successor trustee shall be vested with all powers of an original trustee.

(3) The trustee or successor trustee shall have no fiduciary duty or fiduciary obligation to the grantor or other persons having an interest in the property subject to the deed of trust.

(4) The trustee or successor trustee shall act impartially between the borrower, grantor, and beneficiary.

Sec. 2. RCW 61.24.030 and 1998 c 295 s 4 are each amended to read as follows:

It shall be requisite to a trustee's sale:

(1) That the deed of trust contains a power of sale;

(2) That the deed of trust contains a statement that the real property conveyed is not used principally for agricultural purposes; provided, if the statement is false on the date the deed of trust was granted or amended to include that statement, and false on the date of the trustee's sale, then the deed of trust must be foreclosed judicially. Real property is used for agricultural purposes if it is used in an operation that produces crops, livestock, or aquatic goods;

(3) That a default has occurred in the obligation secured or a covenant of the grantor, which by the terms of the deed of trust makes operative the power to sell;

(4) That no action commenced by the beneficiary of the deed of trust is now pending to seek satisfaction of an obligation secured by the deed of trust in any court by reason of the grantor's default on the obligation secured: PROVIDED, That (a) the seeking of the appointment of a receiver shall not constitute an action for purposes of this chapter; and (b) if a receiver is appointed, the grantor

shall be entitled to any rents or profits derived from property subject to a homestead as defined in RCW 6.13.010. If the deed of trust was granted to secure a commercial loan, this subsection shall not apply to actions brought to enforce any other lien or security interest granted to secure the obligation secured by the deed of trust being foreclosed;

(5) That the deed of trust has been recorded in each county in which the land or some part thereof is situated;

(6) That prior to the date of the notice of trustee's sale and continuing thereafter through the date of the trustee's sale, the trustee must ~~((have))~~ maintain a street address in this state where personal service of process may be made, and the trustee must maintain a physical presence and have telephone service at such address; and

(7) That at least thirty days before notice of sale shall be recorded, transmitted or served, written notice of default shall be transmitted by the beneficiary or trustee to the borrower and grantor at their last known addresses by both first class and either registered or certified mail, return receipt requested, and the beneficiary or trustee shall cause to be posted in a conspicuous place on the premises, a copy of the notice, or personally served on the borrower and grantor. This notice shall contain the following information:

(a) A description of the property which is then subject to the deed of trust;

(b) Each county in which the deed of trust is recorded and the document number given to the deed of trust upon recording by each county auditor or recording officer;

(c) That the beneficiary has declared the borrower or grantor to be in default, and a concise statement of the default alleged;

(d) An itemized account of the amount or amounts in arrears if the default alleged is failure to make payments;

(e) An itemized account of all other specific charges, costs, or fees that the borrower, grantor, or any guarantor is or may be obliged to pay to reinstate the deed of trust before the recording of the notice of sale;

(f) The total of (d) and (e) of this subsection, designated clearly and conspicuously as the amount necessary to reinstate the note and deed of trust before the recording of the notice of sale;

(g) That failure to cure the alleged default within thirty days of the date of mailing of the notice, or if personally served, within thirty days of the date of personal service thereof, may lead to recordation, transmittal, and publication of a notice of sale, and that the property described in (a) of this subsection may be sold at public auction at a date no less than one hundred twenty days in the future;

(h) That the effect of the recordation, transmittal, and publication of a notice of sale will be to (i) increase the costs and fees and (ii) publicize the default and advertise the grantor's property for sale;

(i) That the effect of the sale of the grantor's property by the trustee will be to deprive the grantor of all their interest in the property described in (a) of this subsection; and

(j) That the borrower, grantor, and any guarantor has recourse to the courts pursuant to RCW 61.24.130 to contest the alleged default on any proper ground.

Sec. 3. RCW 61.24.040 and 1998 c 295 s 5 are each amended to read as follows:

A deed of trust foreclosed under this chapter shall be foreclosed as follows:

(1) At least ninety days before the sale, the trustee shall:

(a) Record a notice in the form described in RCW 61.24.040(1)(f) in the office of the auditor in each county in which the deed of trust is recorded;

(b) To the extent the trustee elects to foreclose its lien or interest, or the beneficiary elects to preserve its right to seek a deficiency judgment against a borrower or grantor under RCW 61.24.100(3)(a), and if their addresses are stated in a recorded instrument evidencing their interest, lien, or claim of lien, or an amendment thereto, or are otherwise known to the trustee, cause a copy of the notice of sale described in RCW 61.24.040(1)(f) to be transmitted by both first class and either certified or registered mail, return receipt requested, to the following persons or their legal representatives, if any, at such address:

(i) The borrower and grantor;

(ii) The beneficiary of any deed of trust or mortgagee of any mortgage, or any person who has a lien or claim of lien against the property, that was recorded subsequent to the recordation of the deed of trust being foreclosed and before the recordation of the notice of sale;

(iii) The vendee in any real estate contract, the lessee in any lease, or the holder of any conveyances of any interest or estate in any portion or all of the property described in such notice, if that contract, lease, or conveyance of such interest or estate, or a memorandum or other notice thereof, was recorded after the recordation of the deed of trust being foreclosed and before the recordation of the notice of sale;

(iv) The last holder of record of any other lien against or interest in the property that is subject to a subordination to the deed of trust being foreclosed that was recorded before the recordation of the notice of sale;

(v) The last holder of record of the lien of any judgment subordinate to the deed of trust being foreclosed; and

(vi) The occupants of property consisting solely of a single-family residence, or a condominium, cooperative, or other dwelling unit in a multiplex or other building containing fewer than five residential units, whether or not the occupant's rental agreement is recorded, which notice may be a single notice addressed to "occupants" for each unit known to the trustee or beneficiary;

(c) Cause a copy of the notice of sale described in RCW 61.24.040(1)(f) to be transmitted by both first class and either certified or registered mail, return receipt requested, to the plaintiff or the plaintiff's attorney of record, in any court action to foreclose a lien or other encumbrance on all or any part of the property, provided a court action is pending and a lis pendens in connection therewith is recorded in the office of the auditor of any county in which all or part of the property is located on the date the notice is recorded;

(d) Cause a copy of the notice of sale described in RCW 61.24.040(1)(f) to be transmitted by both first class and either certified or registered mail, return receipt requested, to any person who has recorded a request for notice in accordance with RCW 61.24.045, at the address specified in such person's most recently recorded request for notice;

(e) Cause a copy of the notice of sale described in RCW 61.24.040(1)(f) to be posted in a conspicuous place on the property, or in lieu of posting, cause a copy of said notice to be served upon any occupant of the property;

(f) The notice shall be in substantially the following form:

NOTICE OF TRUSTEE'S SALE

I.

NOTICE IS HEREBY GIVEN that the undersigned Trustee will on the day of, . . . , at the hour of o'clock M. at [street address and location if inside a building] in the City of, State of Washington, sell at public auction to the highest and best bidder, payable at the time of sale, the following described real property, situated in the County(ies) of, State of Washington, to-wit:

[If any personal property is to be included in the trustee's sale, include a description that reasonably identifies such personal property]

which is subject to that certain Deed of Trust dated, . . . , recorded, . . . , under Auditor's File No., records of County, Washington, from, as Grantor, to, as Trustee, to secure an obligation in favor of, as Beneficiary, the beneficial interest in which was assigned by, under an Assignment recorded under Auditor's File No. [Include recording information for all counties if the Deed of Trust is recorded in more than one county.]

II.

No action commenced by the Beneficiary of the Deed of Trust is now pending to seek satisfaction of the obligation in any Court by reason of the Borrower's or Grantor's default on the obligation secured by the Deed of Trust.

[If there is another action pending to foreclose other security for all or part of the same debt, qualify the statement and identify the action.]

III.

The default(s) for which this foreclosure is made is/are as follows:

[If default is for other than payment of money, set forth the particulars]

Failure to pay when due the following amounts which are now in arrears:

IV.

The sum owing on the obligation secured by the Deed of Trust is: Principal \$, together with interest as provided in the note or other instrument secured from the day of, . . . , and such other costs and fees as are due under the note or other instrument secured, and as are provided by statute.

V.

The above-described real property will be sold to satisfy the expense of sale and the obligation secured by the Deed of Trust as provided by statute. The sale will be made without warranty, express or implied, regarding title, possession, or encumbrances on the day of, The default(s) referred to in paragraph III must be cured by the day of, (11 days before the sale date), to cause a discontinuance of the sale. The sale will be discontinued and terminated if at any time on or before the day of, (11 days

before the sale date), the default(s) as set forth in paragraph III is/are cured and the Trustee's fees and costs are paid. The sale may be terminated any time after the day of, . . . (11 days before the sale date), and before the sale by the Borrower, Grantor, any Guarantor, or the holder of any recorded junior lien or encumbrance paying the entire principal and interest secured by the Deed of Trust, plus costs, fees, and advances, if any, made pursuant to the terms of the obligation and/or Deed of Trust, and curing all other defaults.

VI.

A written notice of default was transmitted by the Beneficiary or Trustee to the Borrower and Grantor at the following addresses:

.....
.....
.....

by both first class and certified mail on the day of, . . . , proof of which is in the possession of the Trustee; and the Borrower and Grantor were personally served on the day of, . . . , with said written notice of default or the written notice of default was posted in a conspicuous place on the real property described in paragraph I above, and the Trustee has possession of proof of such service or posting.

VII.

The Trustee whose name and address are set forth below will provide in writing to anyone requesting it, a statement of all costs and fees due at any time prior to the sale.

VIII.

The effect of the sale will be to deprive the Grantor and all those who hold by, through or under the Grantor of all their interest in the above-described property.

IX.

Anyone having any objection to the sale on any grounds whatsoever will be afforded an opportunity to be heard as to those objections if they bring a lawsuit to restrain the sale pursuant to RCW 61.24.130. Failure to bring such a lawsuit may result in a waiver of any proper grounds for invalidating the Trustee's sale.

[Add Part X to this notice if applicable under RCW 61.24.040(9)]

.....
..... } Trustee
..... }
..... } Address
..... }
..... } Phone

[Acknowledgment]

(2) In addition to providing the borrower and grantor the notice of sale described in RCW 61.24.040(1)(f), the trustee shall include with the copy of the notice which is mailed to the grantor, a statement to the grantor in substantially the following form:

NOTICE OF FORECLOSURE

Pursuant to the Revised Code of Washington,
Chapter 61.24 RCW

The attached Notice of Trustee's Sale is a consequence of default(s) in the obligation to, the Beneficiary of your Deed of Trust and owner of the obligation secured thereby. Unless the default(s) is/are cured, your property will be sold at auction on the day of,

To cure the default(s), you must bring the payments current, cure any other defaults, and pay accrued late charges and other costs, advances, and attorneys' fees as set forth below by the day of, . . . [11 days before the sale date]. To date, these arrears and costs are as follows:

	Currently due to reinstate on	Estimated amount that will be due to reinstate on (11 days before the date set for sale)
Delinquent payments from,, in the amount of \$ /mo.:	\$	\$
Late charges in the total amount of:	\$	\$
		Estimated Amounts
Attorneys' fees:	\$	\$
Trustee's fee:	\$	\$
Trustee's expenses: (Itemization)		
Title report	\$	\$
Recording fees	\$	\$
Service/Posting of Notices	\$	\$
Postage/Copying expense	\$	\$

Publication	\$	\$
Telephone		\$
charges	\$	
Inspection fees	\$	\$
.....	\$	\$
.....	\$	\$
TOTALS	\$	\$

To pay off the entire obligation secured by your Deed of Trust as of the ... day of you must pay a total of \$..... in principal, \$..... in interest, plus other costs and advances estimated to date in the amount of \$..... From and after the date of this notice you must submit a written request to the Trustee to obtain the total amount to pay off the entire obligation secured by your Deed of Trust as of the payoff date.

As to the defaults which do not involve payment of money to the Beneficiary of your Deed of Trust, you must cure each such default. Listed below are the defaults which do not involve payment of money to the Beneficiary of your Deed of Trust. Opposite each such listed default is a brief description of the action necessary to cure the default and a description of the documentation necessary to show that the default has been cured.

Default	Description of Action Required to Cure and Documentation Necessary to Show Cure
.....
.....
.....
.....
.....

You may reinstate your Deed of Trust and the obligation secured thereby at any time up to and including the ... day of, ... [11 days before the sale date], by paying the amount set forth or estimated above and by curing any other defaults described above. Of course, as time passes other payments may become due, and any further payments coming due and any additional late charges must be added to your reinstating payment. Any new defaults not involving payment of money that occur after the date of this notice must also be cured in order to effect reinstatement. In addition, because some of the charges can only be estimated at this time, and because the amount necessary to reinstate or to pay off the entire indebtedness may include presently unknown expenditures required to preserve the property or to comply with state or local law, it will be necessary for you to contact the Trustee before the time you tender reinstatement or the payoff amount so that you may be advised of the exact amount you will be required to pay. Tender of payment or performance must be made to:, whose address is, telephone (), AFTER THE ... DAY OF, ..., YOU MAY NOT REINSTATE YOUR DEED OF TRUST BY PAYING THE BACK PAYMENTS AND COSTS AND FEES AND CURING THE OTHER DEFAULTS AS OUTLINED ABOVE. The Trustee will respond to any written request for current payoff or reinstatement amounts within ten days of receipt of your written request. In such a case, you will only be able to stop the sale by paying, before the sale, the total principal balance (\$.....)

plus accrued interest, costs and advances, if any, made pursuant to the terms of the documents and by curing the other defaults as outlined above.

You may contest this default by initiating court action in the Superior Court of the county in which the sale is to be held. In such action, you may raise any legitimate defenses you have to this default. A copy of your Deed of Trust and documents evidencing the obligation secured thereby are enclosed. You may wish to consult a lawyer. Legal action on your part may prevent or restrain the sale, but only if you persuade the court of the merits of your defense.

The court may grant a restraining order or injunction to restrain a trustee's sale pursuant to RCW 61.24.130 upon five days notice to the trustee of the time when, place where, and the judge before whom the application for the restraining order or injunction is to be made. This notice shall include copies of all pleadings and related documents to be given to the judge. Notice and other process may be served on the trustee at:

NAME:
ADDRESS:
TELEPHONE NUMBER:

If you do not reinstate the secured obligation and your Deed of Trust in the manner set forth above, or if you do not succeed in restraining the sale by court action, your property will be sold. The effect of such sale will be to deprive you and all those who hold by, through or under you of all interest in the property;

(3) In addition, the trustee shall cause a copy of the notice of sale described in RCW 61.24.040(1)(f) (excluding the acknowledgment) to be published in a legal newspaper in each county in which the property or any part thereof is situated, once on or between the thirty-fifth and twenty-eighth day before the date of sale, and once on or between the fourteenth and seventh day before the date of sale;

(4) On the date and at the time designated in the notice of sale, the trustee or its authorized agent shall sell the property at public auction to the highest bidder. The trustee may sell the property in gross or in parcels as the trustee shall deem most advantageous;

(5) The place of sale shall be at any designated public place within the county where the property is located and if the property is in more than one county, the sale may be in any of the counties where the property is located. The sale shall be on Friday, or if Friday is a legal holiday on the following Monday, and during the hours set by statute for the conduct of sales of real estate at execution;

(6) The trustee has no obligation to, but may, for any cause the trustee deems advantageous, continue the sale for a period or periods not exceeding a total of one hundred twenty days by (a) a public proclamation at the time and place fixed for sale in the notice of sale and if the continuance is beyond the date of sale, by giving notice of the new time and place of the sale by both first class and either certified or registered mail, return receipt requested, to the persons specified in RCW 61.24.040(1)(b) (i) and (ii) to be deposited in the mail (i) not less than four days before the new date fixed for the sale if the sale is continued for up to seven days; or (ii) not more than three days after the date of the continuance by oral proclamation if the sale is continued for more than seven days, or, alternatively, (b) by giving notice of the time and place of the postponed

sale in the manner and to the persons specified in RCW 61.24.040(1) (b), (c), (d), and (e) and publishing a copy of such notice once in the newspaper(s) described in RCW 61.24.040(3), more than seven days before the date fixed for sale in the notice of sale. No other notice of the postponed sale need be given;

(7) The purchaser shall forthwith pay the price bid and on payment the trustee shall execute to the purchaser its deed; the deed shall recite the facts showing that the sale was conducted in compliance with all of the requirements of this chapter and of the deed of trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value, except that these recitals shall not affect the lien or interest of any person entitled to notice under RCW 61.24.040(1), if the trustee fails to give the required notice to such person. In such case, the lien or interest of such omitted person shall not be affected by the sale and such omitted person shall be treated as if such person was the holder of the same lien or interest and was omitted as a party defendant in a judicial foreclosure proceeding;

(8) The sale as authorized under this chapter shall not take place less than one hundred ninety days from the date of default in any of the obligations secured.

(9) If the trustee elects to foreclose the interest of any occupant or tenant of property comprised solely of a single-family residence, or a condominium, cooperative, or other dwelling unit in a multiplex or other building containing fewer than five residential units, the following notice shall be included as Part X of the Notice of Trustee's Sale:

X.

NOTICE TO OCCUPANTS OR TENANTS

The purchaser at the trustee's sale is entitled to possession of the property on the 20th day following the sale, as against the grantor under the deed of trust (the owner) and anyone having an interest junior to the deed of trust, including occupants and tenants. After the 20th day following the sale the purchaser has the right to evict occupants and tenants by summary proceedings under the unlawful detainer act, chapter 59.12 RCW.

(10) Only one copy of all notices required by this chapter need be given to a person who is both the borrower and the grantor. All notices required by this chapter that are given to a general partnership are deemed given to each of its general partners, unless otherwise agreed by the parties.

Sec. 4. RCW 61.24.045 and 1985 c 193 s 1 are each amended to read as follows:

Any person desiring a copy of any notice of sale described in RCW 61.24.040(1)(f) under any deed of trust, other than a person entitled to receive such a notice under RCW 61.24.040(1) (b) or (c), must, after the recordation of such deed of trust and before the recordation of the notice of sale, cause to be filed for record, in the office of the auditor of any county in which the deed of trust is recorded, a duly acknowledged request for a copy of any notice of sale. The request shall be signed and acknowledged by the person to be notified or such person's agent, attorney, or representative; shall set forth the name, mailing address, and telephone number, if any, of the person or persons to be notified; shall identify the deed of trust by stating the names of the parties thereto, the date

the deed of trust was recorded, the legal description of the property encumbered by the deed of trust, and the auditor's file number under which the deed of trust is recorded; and shall be in substantially the following form:

REQUEST FOR NOTICE

Request is hereby made that a copy of any notice of sale described in RCW 61.24.040(1)(f) under that certain Deed of Trust dated, ((19)) 20. . ., recorded on, ((19)) 20. . ., under auditor's file No., records of County, Washington, from, as Grantor, to, as Trustee, to secure an obligation in favor of, as Beneficiary, and affecting the following described real property:

(Legal Description)

be sent by both first class and either registered or certified mail, return receipt requested, to at

Dated this day of, ((19)) 20. . .

.....
Signature

(Acknowledgment)

A request for notice under this section shall not affect title to, or be deemed notice to any person that any person has any right, title, interest in, lien or charge upon, the property described in the request for notice.

Sec. 5. RCW 61.24.130 and 1998 c 295 s 14 are each amended to read as follows:

(1) Nothing contained in this chapter shall prejudice the right of the borrower, grantor, any guarantor, or any person who has an interest in, lien, or claim of lien against the property or some part thereof, to restrain, on any proper legal or equitable ground, a trustee's sale. The court shall require as a condition of granting the restraining order or injunction that the applicant pay to the clerk of the court the sums that would be due on the obligation secured by the deed of trust if the deed of trust was not being foreclosed:

(a) In the case of default in making the periodic payment of principal, interest, and reserves, such sums shall be the periodic payment of principal, interest, and reserves paid to the clerk of the court every thirty days.

(b) In the case of default in making payment of an obligation then fully payable by its terms, such sums shall be the amount of interest accruing monthly on said obligation at the nondefault rate, paid to the clerk of the court every thirty days.

In the case of default in performance of any nonmonetary obligation secured by the deed of trust, the court shall impose such conditions as it deems just.

In addition, the court may condition granting the restraining order or injunction upon the giving of security by the applicant, in such form and amount as the court deems proper, for the payment of such costs and damages, including attorneys' fees, as may be later found by the court to have been incurred or suffered by any party by reason of the restraining order or injunction. The court may consider, upon proper showing, the grantor's equity in the property in determining the amount of said security.

(2) No court may grant a restraining order or injunction to restrain a trustee's sale unless the person seeking the restraint gives five days notice to the trustee of the time when, place where, and the judge before whom the application for the restraining order or injunction is to be made. This notice shall include copies of all pleadings and related documents to be given to the judge. No judge may act upon such application unless it is accompanied by proof, evidenced by return of a sheriff, the sheriff's deputy, or by any person eighteen years of age or over who is competent to be a witness, that the notice has been served on the trustee.

(3) If the restraining order or injunction is dissolved after the date of the trustee's sale set forth in the notice as provided in RCW 61.24.040(1)(f), the court granting such restraining order or injunction, or before whom the order or injunction is returnable, shall, at the request of the trustee, set a new sale date which shall be not less than forty-five days from the date of the order dissolving the restraining order. The trustee shall:

(a) Comply with the requirements of RCW 61.24.040(1) (a) through (f) at least thirty days before the new sale date; and

(b) Cause a copy of the notice of trustee's sale as provided in RCW 61.24.040(1)(f) to be published in a legal newspaper in each county in which the property or any part thereof is situated once between the thirty-fifth and twenty-eighth day before the sale and once between the fourteenth and seventh day before the sale.

(4) If a trustee's sale has been stayed as a result of the filing of a petition in federal bankruptcy court and an order is entered in federal bankruptcy court granting relief from the stay or closing or dismissing the case, or discharging the debtor with the effect of removing the stay, the trustee may set a new sale date which shall not be less than forty-five days after the date of the bankruptcy court's order. The trustee shall:

(a) Comply with the requirements of RCW 61.24.040(1) (a) through (f) at least thirty days before the new sale date; and

(b) Cause a copy of the notice of trustee's sale as provided in RCW 61.24.040(1)(f) to be published in a legal newspaper in each county in which the property or any part thereof is situated, once between the thirty-fifth and twenty-eighth day before the sale and once between the fourteenth and seventh day before the sale.

(5) Subsections (3) and (4) of this section are permissive only and do not prohibit the trustee from proceeding with a trustee's sale following termination of any injunction or stay on any date to which such sale has been properly continued in accordance with RCW 61.24.040(6).

(6) The issuance of a restraining order or injunction shall not prohibit the trustee from continuing the sale as provided in RCW 61.24.040(6).

Sec. 6. RCW 61.24.135 and 1998 c 295 s 15 are each amended to read as follows:

It is an unfair or deceptive act or practice under the consumer protection act, chapter 19.86 RCW, for any person, acting alone or in concert with others, to offer, or offer to accept or accept from another, any consideration of any type not to bid, or to reduce a bid, at a sale of property conducted pursuant to a power of sale in a deed of trust. The trustee may decline to complete a sale or deliver the trustee's deed and refund the purchase price, if it appears that the bidding has been collusive or defective, or that the sale might have been void. However, it is

not an unfair or deceptive act or practice for any person, including a trustee, to state that a property subject to a recorded notice of trustee's sale or subject to a sale conducted pursuant to this chapter is being sold in an "as-is" condition, or for the beneficiary to arrange to provide financing for a particular bidder or to reach any good faith agreement with the borrower, grantor, any guarantor, or any junior lienholder.

Passed by the Senate March 11, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 154

[Senate Bill 6267]

ADVANCE REGISTERED NURSE PRACTITIONERS—
PRESCRIPTIVE AUTHORITY—REPEAL

AN ACT Relating to the prescriptive authority of advanced registered nurse practitioners; and repealing RCW 18.79.255.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. RCW 18.79.255 (Limitation on dispensing Schedules II through IV controlled substances) and 2000 c 64 s 1 are each repealed.

Passed by the Senate February 14, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 155

[Substitute Senate Bill 6710]

HOSPITALS—FIRE PROTECTION

AN ACT Relating to standards for fire protection of hospitals; and amending RCW 70.41.080 and 18.160.050.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 70.41.080 and 2004 c 261 s 3 are each amended to read as follows:

Standards for fire protection and the enforcement thereof, with respect to all hospitals to be licensed hereunder shall be the responsibility of the chief of the Washington state patrol, through the director of fire protection, who shall adopt, after approval by the department, ~~((such))~~ the recognized standards ~~((as may be))~~ applicable to hospitals for the protection of life against the cause and spread of fire and fire hazards ~~((—Such standards shall be consistent with the standards))~~ adopted by the federal centers for medicare and medicaid services for hospitals that care for medicare or medicaid beneficiaries. The standards used for an inspection of an existing hospital, or existing portion thereof, shall be standards for existing buildings and not standards for new construction. The department upon receipt of an application for a license, shall submit to the director of fire protection in writing, a request for an inspection, giving the applicant's name and

the location of the premises to be licensed. Upon receipt of such a request, the chief of the Washington state patrol, through the director of fire protection, or his or her deputy, shall make an inspection of the hospital to be licensed ~~((and))~~ during the department's inspection. If it is found that the premises do not comply with the required safety standards and fire regulations as adopted pursuant to this chapter, ~~((he or she))~~ the director of fire protection, or his or her deputy, shall promptly make a written report to ~~((the hospital and to))~~ the department listing the corrective actions required ~~((and the time allowed for accomplishing such corrections)).~~ The department shall incorporate the written report into the department's final inspection report. The applicant or licensee shall ~~((notify the chief of the Washington state patrol, through the director of fire protection, upon completion of any corrections required by him or her, and the chief of the Washington state patrol, through the director of fire protection, or his or her deputy, shall make a reinspection of such premises))~~ submit corrections to comply with the fire protection standards along with any other licensing inspection corrections to the department. The department shall submit the section of the statement of corrections from the applicant or licensee regarding fire protection standards to the director of fire protection. If extensive and serious corrections are required, the director of fire protection, or his or her deputy, may reinspect the premises. The director of fire protection, or his or her deputy, shall utilize the scope and severity matrix developed by the centers for medicare and medicaid services when determining what corrections will require a reinspection. Whenever the hospital to be licensed meets with the approval of the chief of the Washington state patrol, through the director of fire protection, he or she shall submit to the department, in a timely manner so the license will not be delayed, a written report approving the hospital with respect to fire protection, and such report is required before a full license can be issued. The chief of the Washington state patrol, through the director of fire protection, shall make or cause to be made inspections of such hospitals on average at least once ~~((a year))~~ every eighteen months. Inspections conducted by the joint commission on hospitals accredited by it shall be deemed equivalent to an inspection by the chief of the Washington state patrol, through the director of fire protection, for purposes of meeting the requirements for the inspections specified in this section.

The director of fire protection shall designate one lead deputy state fire marshal on a regional basis to provide consistency with each of the department's survey teams for the purpose of conducting the fire protection inspection during the department's licensing inspection. The director of fire protection shall ensure deputy state fire marshals are provided orientation with the department on the unique environment of hospitals before they conduct fire protection inspections in hospitals. The orientation shall include, but not be limited to: Clinical environment of hospitals; operating room environment; fire protection practices in hospitals; full participation in a complete licensing inspection of at least one urban hospital; and full participation in a complete licensing inspection of at least one rural hospital.

In cities which have in force a comprehensive building code, the provisions of which are determined by the chief of the Washington state patrol, through the director of fire protection, to be equal to the minimum standards of the code for hospitals adopted by the chief of the Washington state patrol, through the

director of fire protection, the chief of the fire department, provided the latter is a paid chief of a paid fire department, shall make the inspection with the chief of the Washington state patrol, through the director of fire protection, or his or her deputy and they shall jointly approve the premises before a full license can be issued.

Sec. 2. RCW 18.160.050 and 2005 c 109 s 1 are each amended to read as follows:

(1)(a) All certificate of competency holders that desire to continue in the fire protection sprinkler business shall annually, prior to January 1, secure from the state director of fire protection a renewal certificate of competency upon payment of the fee as prescribed by the state director of fire protection. Application for renewal shall be upon a form prescribed by the state director of fire protection and the certificate holder shall furnish the information required by the director.

(b) Failure of any certificate of competency holder to secure his or her renewal certificate of competency within sixty days after the due date shall constitute sufficient cause for the state director of fire protection to suspend the certificate of competency.

(c) The state director of fire protection may, upon the receipt of payment of all delinquent fees including a late charge, restore a certificate of competency that has been suspended for failure to pay the renewal fee.

(d) A certificate of competency holder may voluntarily surrender his or her certificate of competency to the state director of fire protection and be relieved of the annual renewal fee. After surrendering the certificate of competency, he or she shall not be known as a certificate of competency holder and shall desist from the practice thereof. Within two years from the time of surrender of the certificate of competency, he or she may again qualify for a certificate of competency, without examination, by the payment of the required fee. If two or more years have elapsed, he or she shall return to the status of a new applicant.

(2)(a) All licensed fire protection sprinkler system contractors desiring to continue to be licensed shall annually, prior to January 1, secure from the state director of fire protection a renewal license upon payment of the fee as prescribed by the state director of fire protection. Application for renewal shall be upon a form prescribed by the state director of fire protection and the license holder shall furnish the information required by the director.

(b) Failure of any license holder to secure his or her renewal license within sixty days after the due date shall constitute sufficient cause for the state director of fire protection to suspend the license.

(c) The state director of fire protection may, upon the receipt of payment of all delinquent fees including a late charge, restore a license that has been suspended for failure to pay the renewal fee.

(3) The initial certificate of competency or license fee shall be prorated based upon the portion of the year such certificate of competency or license is in effect, prior to renewal on January 1.

(4) The fire protection contractor license fund is created in the custody of the state treasurer. All receipts from license and certificate fees and charges or from the money generated by the rules and regulations promulgated under this chapter shall be deposited into the fund. Expenditures from the fund may be used only for purposes authorized under this chapter and standards for fire

protection and its enforcement, with respect to all hospitals as required by RCW 70.41.080, and for providing assistance in identifying fire sprinkler system components that have been subject to either a recall or voluntary replacement program by a manufacturer of fire sprinkler products, a nationally recognized testing laboratory, or the federal consumer product safety commission. Assistance shall include, but is not limited to, aiding in the identification of recalled components, information sharing strategies aimed at ensuring the consumer is made aware of recalls and voluntary replacement programs, and providing training and assistance to local fire authorities, the fire sprinkler industry, and the public. Only the state director of fire protection or the director's designee may authorize expenditures from the fund. The fund is subject to allotment procedures under chapter 43.88 RCW, but no appropriation is required for expenditures.

Passed by the Senate February 19, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 156

[Senate Bill 6739]

PSYCHIATRIC ADVANCED REGISTERED NURSE PRACTITIONERS

AN ACT Relating to psychiatric advanced registered nurse practitioners; amending RCW 71.05.215 and 71.05.217; and reenacting and amending RCW 71.05.020.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 71.05.020 and 2007 c 375 s 6 and 2007 c 191 s 2 are each reenacted and amended to read as follows:

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

(1) "Admission" or "admit" means a decision by a physician or psychiatric advanced registered nurse practitioner that a person should be examined or treated as a patient in a hospital;

(2) "Antipsychotic medications" means that class of drugs primarily used to treat serious manifestations of mental illness associated with thought disorders, which includes, but is not limited to atypical antipsychotic medications;

(3) "Attending staff" means any person on the staff of a public or private agency having responsibility for the care and treatment of a patient;

(4) "Commitment" means the determination by a court that a person should be detained for a period of either evaluation or treatment, or both, in an inpatient or a less restrictive setting;

(5) "Conditional release" means a revocable modification of a commitment, which may be revoked upon violation of any of its terms;

(6) "Crisis stabilization unit" means a short-term facility or a portion of a facility licensed by the department of health and certified by the department of social and health services under RCW 71.24.035, such as an evaluation and treatment facility or a hospital, which has been designed to assess, diagnose, and treat individuals experiencing an acute crisis without the use of long-term hospitalization;

(7) "Custody" means involuntary detention under the provisions of this chapter or chapter 10.77 RCW, uninterrupted by any period of unconditional release from commitment from a facility providing involuntary care and treatment;

(8) "Department" means the department of social and health services;

(9) "Designated chemical dependency specialist" means a person designated by the county alcoholism and other drug addiction program coordinator designated under RCW 70.96A.310 to perform the commitment duties described in chapters 70.96A and 70.96B RCW;

(10) "Designated crisis responder" means a mental health professional appointed by the county or the regional support network to perform the duties specified in this chapter;

(11) "Designated mental health professional" means a mental health professional designated by the county or other authority authorized in rule to perform the duties specified in this chapter;

(12) "Detention" or "detain" means the lawful confinement of a person, under the provisions of this chapter;

(13) "Developmental disabilities professional" means a person who has specialized training and three years of experience in directly treating or working with persons with developmental disabilities and is a psychiatrist, psychologist, psychiatric advanced registered nurse practitioner, or social worker, and such other developmental disabilities professionals as may be defined by rules adopted by the secretary;

(14) "Developmental disability" means that condition defined in RCW 71A.10.020(3);

(15) "Discharge" means the termination of hospital medical authority. The commitment may remain in place, be terminated, or be amended by court order;

(16) "Evaluation and treatment facility" means any facility which can provide directly, or by direct arrangement with other public or private agencies, emergency evaluation and treatment, outpatient care, and timely and appropriate inpatient care to persons suffering from a mental disorder, and which is certified as such by the department. A physically separate and separately operated portion of a state hospital may be designated as an evaluation and treatment facility. A facility which is part of, or operated by, the department or any federal agency will not require certification. No correctional institution or facility, or jail, shall be an evaluation and treatment facility within the meaning of this chapter;

(17) "Gravely disabled" means a condition in which a person, as a result of a mental disorder: (a) Is in danger of serious physical harm resulting from a failure to provide for his or her essential human needs of health or safety; or (b) manifests severe deterioration in routine functioning evidenced by repeated and escalating loss of cognitive or volitional control over his or her actions and is not receiving such care as is essential for his or her health or safety;

(18) "Habilitative services" means those services provided by program personnel to assist persons in acquiring and maintaining life skills and in raising their levels of physical, mental, social, and vocational functioning. Habilitative services include education, training for employment, and therapy. The habilitative process shall be undertaken with recognition of the risk to the public

safety presented by the person being assisted as manifested by prior charged criminal conduct;

(19) "History of one or more violent acts" refers to the period of time ten years prior to the filing of a petition under this chapter, excluding any time spent, but not any violent acts committed, in a mental health facility or in confinement as a result of a criminal conviction;

(20) "Imminent" means the state or condition of being likely to occur at any moment or near at hand, rather than distant or remote;

(21) "Individualized service plan" means a plan prepared by a developmental disabilities professional with other professionals as a team, for a person with developmental disabilities, which shall state:

(a) The nature of the person's specific problems, prior charged criminal behavior, and habilitation needs;

(b) The conditions and strategies necessary to achieve the purposes of habilitation;

(c) The intermediate and long-range goals of the habilitation program, with a projected timetable for the attainment;

(d) The rationale for using this plan of habilitation to achieve those intermediate and long-range goals;

(e) The staff responsible for carrying out the plan;

(f) Where relevant in light of past criminal behavior and due consideration for public safety, the criteria for proposed movement to less-restrictive settings, criteria for proposed eventual discharge or release, and a projected possible date for discharge or release; and

(g) The type of residence immediately anticipated for the person and possible future types of residences;

(22) "Judicial commitment" means a commitment by a court pursuant to the provisions of this chapter;

(23) "Likelihood of serious harm" means:

(a) A substantial risk that: (i) Physical harm will be inflicted by a person upon his or her own person, as evidenced by threats or attempts to commit suicide or inflict physical harm on oneself; (ii) physical harm will be inflicted by a person upon another, as evidenced by behavior which has caused such harm or which places another person or persons in reasonable fear of sustaining such harm; or (iii) physical harm will be inflicted by a person upon the property of others, as evidenced by behavior which has caused substantial loss or damage to the property of others; or

(b) The person has threatened the physical safety of another and has a history of one or more violent acts;

(24) "Mental disorder" means any organic, mental, or emotional impairment which has substantial adverse effects on a person's cognitive or volitional functions;

(25) "Mental health professional" means a psychiatrist, psychologist, psychiatric nurse, or social worker, and such other mental health professionals as may be defined by rules adopted by the secretary pursuant to the provisions of this chapter;

(26) "Peace officer" means a law enforcement official of a public agency or governmental unit, and includes persons specifically given peace officer powers by any state law, local ordinance, or judicial order of appointment;

(27) "Private agency" means any person, partnership, corporation, or association that is not a public agency, whether or not financed in whole or in part by public funds, which constitutes an evaluation and treatment facility or private institution, or hospital, which is conducted for, or includes a department or ward conducted for, the care and treatment of persons who are mentally ill;

(28) "Professional person" means a mental health professional and shall also mean a physician, psychiatric advanced registered nurse practitioner, registered nurse, and such others as may be defined by rules adopted by the secretary pursuant to the provisions of this chapter;

(29) "Psychiatric advanced registered nurse practitioner" means a person who is licensed as an advanced registered nurse practitioner pursuant to chapter 18.79 RCW; and who is board certified in advanced practice psychiatric and mental health nursing;

(30) "Psychiatrist" means a person having a license as a physician and surgeon in this state who has in addition completed three years of graduate training in psychiatry in a program approved by the American medical association or the American osteopathic association and is certified or eligible to be certified by the American board of psychiatry and neurology;

~~((30))~~ (31) "Psychologist" means a person who has been licensed as a psychologist pursuant to chapter 18.83 RCW;

~~((31))~~ (32) "Public agency" means any evaluation and treatment facility or institution, or hospital which is conducted for, or includes a department or ward conducted for, the care and treatment of persons with mental illness, if the agency is operated directly by, federal, state, county, or municipal government, or a combination of such governments;

~~((32))~~ (33) "Registration records" include all the records of the department, regional support networks, treatment facilities, and other persons providing services to the department, county departments, or facilities which identify persons who are receiving or who at any time have received services for mental illness;

~~((33))~~ (34) "Release" means legal termination of the commitment under the provisions of this chapter;

~~((34))~~ (35) "Resource management services" has the meaning given in chapter 71.24 RCW;

~~((35))~~ (36) "Secretary" means the secretary of the department of social and health services, or his or her designee;

~~((36))~~ (37) "Social worker" means a person with a master's or further advanced degree from an accredited school of social work or a degree deemed equivalent under rules adopted by the secretary;

~~((37))~~ (38) "Treatment records" include registration and all other records concerning persons who are receiving or who at any time have received services for mental illness, which are maintained by the department, by regional support networks and their staffs, and by treatment facilities. Treatment records include mental health information contained in a medical bill including but not limited to mental health drugs, a mental health diagnosis, provider name, and dates of service stemming from a medical service. Treatment records do not include notes or records maintained for personal use by a person providing treatment services for the department, regional support networks, or a treatment facility if the notes or records are not available to others;

~~((38))~~ (39) "Violent act" means behavior that resulted in homicide, attempted suicide, nonfatal injuries, or substantial damage to property.

Sec. 2. RCW 71.05.215 and 1997 c 112 s 16 are each amended to read as follows:

(1) A person found to be gravely disabled or presents a likelihood of serious harm as a result of a mental disorder has a right to refuse antipsychotic medication unless it is determined that the failure to medicate may result in a likelihood of serious harm or substantial deterioration or substantially prolong the length of involuntary commitment and there is no less intrusive course of treatment than medication in the best interest of that person.

(2) The department shall adopt rules to carry out the purposes of this chapter. These rules shall include:

(a) An attempt to obtain the informed consent of the person prior to administration of antipsychotic medication.

(b) For short-term treatment up to thirty days, the right to refuse antipsychotic medications unless there is an additional concurring medical opinion approving medication by a psychiatrist, psychiatric advanced registered nurse practitioner, or physician in consultation with a mental health professional with prescriptive authority.

(c) For continued treatment beyond thirty days through the hearing on any petition filed under RCW ~~((71.05.370(7)))~~ 71.05.217, the right to periodic review of the decision to medicate by the medical director or designee.

(d) Administration of antipsychotic medication in an emergency and review of this decision within twenty-four hours. An emergency exists if the person presents an imminent likelihood of serious harm, and medically acceptable alternatives to administration of antipsychotic medications are not available or are unlikely to be successful; and in the opinion of the physician or psychiatric advanced registered nurse practitioner, the person's condition constitutes an emergency requiring the treatment be instituted prior to obtaining a second medical opinion.

(e) Documentation in the medical record of the ~~((physician's))~~ attempt by the physician or psychiatric advanced registered nurse practitioner to obtain informed consent and the reasons why antipsychotic medication is being administered over the person's objection or lack of consent.

Sec. 3. RCW 71.05.217 and 1997 c 112 s 31 are each amended to read as follows:

Insofar as danger to the individual or others is not created, each person involuntarily detained, treated in a less restrictive alternative course of treatment, or committed for treatment and evaluation pursuant to this chapter shall have, in addition to other rights not specifically withheld by law, the following rights, a list of which shall be prominently posted in all facilities, institutions, and hospitals providing such services:

(1) To wear his or her own clothes and to keep and use his or her own personal possessions, except when deprivation of same is essential to protect the safety of the resident or other persons;

(2) To keep and be allowed to spend a reasonable sum of his or her own money for canteen expenses and small purchases;

(3) To have access to individual storage space for his or her private use;

- (4) To have visitors at reasonable times;
- (5) To have reasonable access to a telephone, both to make and receive confidential calls;
- (6) To have ready access to letter writing materials, including stamps, and to send and receive uncensored correspondence through the mails;
- (7) Not to consent to the administration of antipsychotic medications beyond the hearing conducted pursuant to RCW 71.05.320(~~(2)~~) (3) or the performance of electroconvulsant therapy or surgery, except emergency life-saving surgery, unless ordered by a court of competent jurisdiction pursuant to the following standards and procedures:
- (a) The administration of antipsychotic medication or electroconvulsant therapy shall not be ordered unless the petitioning party proves by clear, cogent, and convincing evidence that there exists a compelling state interest that justifies overriding the patient's lack of consent to the administration of antipsychotic medications or electroconvulsant therapy, that the proposed treatment is necessary and effective, and that medically acceptable alternative forms of treatment are not available, have not been successful, or are not likely to be effective.
- (b) The court shall make specific findings of fact concerning: (i) The existence of one or more compelling state interests; (ii) the necessity and effectiveness of the treatment; and (iii) the person's desires regarding the proposed treatment. If the patient is unable to make a rational and informed decision about consenting to or refusing the proposed treatment, the court shall make a substituted judgment for the patient as if he or she were competent to make such a determination.
- (c) The person shall be present at any hearing on a request to administer antipsychotic medication or electroconvulsant therapy filed pursuant to this subsection. The person has the right: (i) To be represented by an attorney; (ii) to present evidence; (iii) to cross-examine witnesses; (iv) to have the rules of evidence enforced; (v) to remain silent; (vi) to view and copy all petitions and reports in the court file; and (vii) to be given reasonable notice and an opportunity to prepare for the hearing. The court may appoint a psychiatrist, psychiatric advanced registered nurse practitioner, psychologist within their scope of practice, or physician to examine and testify on behalf of such person. The court shall appoint a psychiatrist, psychiatric advanced registered nurse practitioner, psychologist within their scope of practice, or physician designated by such person or the person's counsel to testify on behalf of the person in cases where an order for electroconvulsant therapy is sought.
- (d) An order for the administration of antipsychotic medications entered following a hearing conducted pursuant to this section shall be effective for the period of the current involuntary treatment order, and any interim period during which the person is awaiting trial or hearing on a new petition for involuntary treatment or involuntary medication.
- (e) Any person detained pursuant to RCW 71.05.320(~~(2)~~) (3), who subsequently refuses antipsychotic medication, shall be entitled to the procedures set forth in (~~RCW 71.05.217(7)~~) this subsection.
- (f) Antipsychotic medication may be administered to a nonconsenting person detained or committed pursuant to this chapter without a court order pursuant to RCW 71.05.215(2) or under the following circumstances:

- (i) A person presents an imminent likelihood of serious harm;
- (ii) Medically acceptable alternatives to administration of antipsychotic medications are not available, have not been successful, or are not likely to be effective; and
- (iii) In the opinion of the physician or psychiatric advanced registered nurse practitioner with responsibility for treatment of the person, or his or her designee, the person's condition constitutes an emergency requiring the treatment be instituted before a judicial hearing as authorized pursuant to this section can be held.

If antipsychotic medications are administered over a person's lack of consent pursuant to this subsection, a petition for an order authorizing the administration of antipsychotic medications shall be filed on the next judicial day. The hearing shall be held within two judicial days. If deemed necessary by the physician or psychiatric advanced registered nurse practitioner with responsibility for the treatment of the person, administration of antipsychotic medications may continue until the hearing is held;

(8) To dispose of property and sign contracts unless such person has been adjudicated an incompetent in a court proceeding directed to that particular issue;

(9) Not to have psychosurgery performed on him or her under any circumstances.

Passed by the Senate March 10, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 157

[Substitute Senate Bill 6791]

CHEMICAL DEPENDENCY AND MENTAL HEALTH TREATMENT—FUNDING

AN ACT Relating to clarifying permitted uses of moneys currently collected under the county legislative authority sales and use tax for chemical dependency or mental health treatment programs and services or therapeutic courts; amending RCW 82.14.460; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds it necessary to clarify the original intent regarding eligible expenditures of the sales and use tax provided in RCW 82.14.460. The legislature intended that upon the original effective date of RCW 82.14.460, the moneys collected under RCW 82.14.460 would be permitted to be used for the purposes as provided in RCW 82.14.460 as clarified by section 2 of this act.

Sec. 2. RCW 82.14.460 and 2005 c 504 s 804 are each amended to read as follows:

(1) A county legislative authority may authorize, fix, and impose a sales and use tax in accordance with the terms of this chapter.

(2) The tax authorized in this section shall be in addition to any other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the county. The rate of tax shall equal one-tenth of one

percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.

(3) Moneys collected under this section shall be used solely for the purpose of providing for the operation or delivery of new or expanded chemical dependency or mental health treatment programs and services and for the operation or delivery of new or expanded therapeutic court programs and services. For the purposes of this section, "programs and services" includes, but is not limited to, treatment services, case management, and housing that are a component of a coordinated chemical dependency or mental health treatment program or service.

(4) Moneys collected under this section shall not be used to supplant existing funding for these purposes, provided that nothing in this section shall be interpreted to prohibit the use of moneys collected under this section for the replacement of lapsed federal funding previously provided for the operation or delivery of services and programs as provided in this section.

Passed by the Senate February 15, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 25, 2008.

Filed in Office of Secretary of State March 25, 2008.

CHAPTER 158

[Substitute House Bill 2551]

JUVENILES—SUSPENDED DISPOSITION ALTERNATIVES—TREATMENT PROGRAMS

AN ACT Relating to expanding the types of treatment programs provided under the suspended disposition alternative for juveniles; and amending RCW 13.40.0357.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 13.40.0357 and 2007 c 199 s 11 are each amended to read as follows:

DESCRIPTION AND OFFENSE CATEGORY

JUVENILE DISPOSITION OFFENSE CATEGORY	DESCRIPTION (RCW CITATION)	JUVENILE DISPOSITION CATEGORY FOR ATTEMPT, BAILJUMP, CONSPIRACY, OR SOLICITATION
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Arson and Malicious Mischief

A	Arson 1 (9A.48.020)	B+
B	Arson 2 (9A.48.030)	C
C	Reckless Burning 1 (9A.48.040)	D
D	Reckless Burning 2 (9A.48.050)	E
B	Malicious Mischief 1 (9A.48.070)	C
C	Malicious Mischief 2 (9A.48.080)	D
D	Malicious Mischief 3 (9A.48.090(2) (a) and (c))	E
E	Malicious Mischief 3 (9A.48.090(2)(b))	E
E	Tampering with Fire Alarm Apparatus (9.40.100)	E

- E Tampering with Fire Alarm Apparatus with Intent to Commit Arson (9.40.105) E
- A Possession of Incendiary Device (9.40.120) B+

Assault and Other Crimes Involving Physical Harm

- A Assault 1 (9A.36.011) B+
- B+ Assault 2 (9A.36.021) C+
- C+ Assault 3 (9A.36.031) D+
- D+ Assault 4 (9A.36.041) E
- B+ Drive-By Shooting (9A.36.045) C+
- D+ Reckless Endangerment (9A.36.050) E
- C+ Promoting Suicide Attempt (9A.36.060) D+
- D+ Coercion (9A.36.070) E
- C+ Custodial Assault (9A.36.100) D+

Burglary and Trespass

- B+ Burglary 1 (9A.52.020) C+
- B Residential Burglary (9A.52.025) C
- B Burglary 2 (9A.52.030) C
- D Burglary Tools (Possession of) (9A.52.060) E
- D Criminal Trespass 1 (9A.52.070) E
- E Criminal Trespass 2 (9A.52.080) E
- C Mineral Trespass (78.44.330) C
- C Vehicle Prowling 1 (9A.52.095) D
- D Vehicle Prowling 2 (9A.52.100) E

Drugs

- E Possession/Consumption of Alcohol (66.44.270) E
- C Illegally Obtaining Legend Drug (69.41.020) D
- C+ Sale, Delivery, Possession of Legend Drug with Intent to Sell (69.41.030(2)(a)) D+
- E Possession of Legend Drug (69.41.030(2)(b)) E
- B+ Violation of Uniform Controlled Substances Act - Narcotic, Methamphetamine, or Flunitrazepam Sale (69.50.401(2) (a) or (b))B+
- C Violation of Uniform Controlled Substances Act - Nonnarcotic Sale (69.50.401(2)(c)) C
- E Possession of Marihuana <40 grams (69.50.4014) E
- C Fraudulently Obtaining Controlled Substance (69.50.403) C
- C+ Sale of Controlled Substance for Profit (69.50.410) C+
- E Unlawful Inhalation (9.47A.020) E

B	Violation of Uniform Controlled Substances Act - Narcotic, Methamphetamine, or Flunitrazepam Counterfeit Substances (69.50.4011(2) (a) or (b))	B
C	Violation of Uniform Controlled Substances Act - Nonnarcotic Counterfeit Substances (69.50.4011(2) (c), (d), or (e))	C
C	Violation of Uniform Controlled Substances Act - Possession of a Controlled Substance (69.50.4013)	C
C	Violation of Uniform Controlled Substances Act - Possession of a Controlled Substance (69.50.4012)	C
Firearms and Weapons		
B	Theft of Firearm (9A.56.300)	C
B	Possession of Stolen Firearm (9A.56.310)	C
E	Carrying Loaded Pistol Without Permit (9.41.050)	E
C	Possession of Firearms by Minor (<18) (9.41.040(2)(a)(iii))	C
D+	Possession of Dangerous Weapon (9.41.250)	E
D	Intimidating Another Person by use of Weapon (9.41.270)	E
Homicide		
A+	Murder 1 (9A.32.030)	A
A+	Murder 2 (9A.32.050)	B+
B+	Manslaughter 1 (9A.32.060)	C+
C+	Manslaughter 2 (9A.32.070)	D+
B+	Vehicular Homicide (46.61.520)	C+
Kidnapping		
A	Kidnap 1 (9A.40.020)	B+
B+	Kidnap 2 (9A.40.030)	C+
C+	Unlawful Imprisonment (9A.40.040)	D+
Obstructing Governmental Operation		
D	Obstructing a Law Enforcement Officer (9A.76.020)	E
E	Resisting Arrest (9A.76.040)	E
B	Introducing Contraband 1 (9A.76.140)	C
C	Introducing Contraband 2 (9A.76.150)	D
E	Introducing Contraband 3 (9A.76.160)	E
B+	Intimidating a Public Servant (9A.76.180)	C+
B+	Intimidating a Witness (9A.72.110)	C+
Public Disturbance		

C+	Riot with Weapon (9A.84.010(2)(b))	D+
D+	Riot Without Weapon (9A.84.010(2)(a))	E
E	Failure to Disperse (9A.84.020)	E
E	Disorderly Conduct (9A.84.030)	E
Sex Crimes		
A	Rape 1 (9A.44.040)	B+
A-	Rape 2 (9A.44.050)	B+
C+	Rape 3 (9A.44.060)	D+
A-	Rape of a Child 1 (9A.44.073)	B+
B+	Rape of a Child 2 (9A.44.076)	C+
B	Incest 1 (9A.64.020(1))	C
C	Incest 2 (9A.64.020(2))	D
D+	Indecent Exposure (Victim <14) (9A.88.010)	E
E	Indecent Exposure (Victim 14 or over) (9A.88.010)	E
B+	Promoting Prostitution 1 (9A.88.070)	C+
C+	Promoting Prostitution 2 (9A.88.080)	D+
E	O & A (Prostitution) (9A.88.030)	E
B+	Indecent Liberties (9A.44.100)	C+
A-	Child Molestation 1 (9A.44.083)	B+
B	Child Molestation 2 (9A.44.086)	C+
Theft, Robbery, Extortion, and Forgery		
B	Theft 1 (9A.56.030)	C
C	Theft 2 (9A.56.040)	D
D	Theft 3 (9A.56.050)	E
B	Theft of Livestock 1 and 2 (9A.56.080 and 9A.56.083)	C
C	Forgery (9A.60.020)	D
A	Robbery 1 (9A.56.200)	B+
B+	Robbery 2 (9A.56.210)	C+
B+	Extortion 1 (9A.56.120)	C+
C+	Extortion 2 (9A.56.130)	D+
C	Identity Theft 1 (9.35.020(2))	D
D	Identity Theft 2 (9.35.020(3))	E
D	Improperly Obtaining Financial Information (9.35.010)	E
B	Possession of a Stolen Vehicle (9A.56.068)	C
B	Possession of Stolen Property 1 (9A.56.150)	C
C	Possession of Stolen Property 2 (9A.56.160)	D
D	Possession of Stolen Property 3 (9A.56.170)	E
B	Taking Motor Vehicle Without Permission 1 (9A.56.070)	C
C	Taking Motor Vehicle Without Permission 2 (9A.56.075)	D

B	Theft of a Motor Vehicle (9A.56.065)	C
	Motor Vehicle Related Crimes	
E	Driving Without a License (46.20.005)	E
B+	Hit and Run - Death (46.52.020(4)(a))	C+
C	Hit and Run - Injury (46.52.020(4)(b))	D
D	Hit and Run-Attended (46.52.020(5))	E
E	Hit and Run-Unattended (46.52.010)	E
C	Vehicular Assault (46.61.522)	D
C	Attempting to Elude Pursuing Police Vehicle (46.61.024)	D
E	Reckless Driving (46.61.500)	E
D	Driving While Under the Influence (46.61.502 and 46.61.504)	E
B+	Felony Driving While Under the Influence (46.61.502(6))	B
B+	Felony Physical Control of a Vehicle While Under the Influence (46.61.504(6))	B
	Other	
B	Animal Cruelty 1 (16.52.205)	C
B	Bomb Threat (9.61.160)	C
C	Escape 1 ¹ (9A.76.110)	C
C	Escape 2 ¹ (9A.76.120)	C
D	Escape 3 (9A.76.130)	E
E	Obscene, Harassing, Etc., Phone Calls (9.61.230)	E
A	Other Offense Equivalent to an Adult Class A Felony	B+
B	Other Offense Equivalent to an Adult Class B Felony	C
C	Other Offense Equivalent to an Adult Class C Felony	D
D	Other Offense Equivalent to an Adult Gross Misdemeanor	E
E	Other Offense Equivalent to an Adult Misdemeanor	E
V	Violation of Order of Restitution, Community Supervision, or Confinement (13.40.200) ²	V

¹Escape 1 and 2 and Attempted Escape 1 and 2 are classed as C offenses and the standard range is established as follows:

1st escape or attempted escape during 12-month period - 4 weeks confinement

2nd escape or attempted escape during 12-month period - 8 weeks confinement

3rd and subsequent escape or attempted escape during 12-month period - 12 weeks confinement

²If the court finds that a respondent has violated terms of an order, it may impose a penalty of up to 30 days of confinement.

JUVENILE SENTENCING STANDARDS

This schedule must be used for juvenile offenders. The court may select sentencing option A, B, C, D, or RCW 13.40.167.

**OPTION A
JUVENILE OFFENDER SENTENCING
GRID STANDARD RANGE**

	A+	180 WEEKS TO AGE 21 YEARS			
	A	103 WEEKS TO 129 WEEKS			
	A-	15-36 WEEKS EXCEPT 30-40 WEEKS FOR 15-17 YEAR OLDS	52-65 WEEKS	80-100 WEEKS	103-129 WEEKS
Current Offense Category	B+	15-36 WEEKS	52-65 WEEKS	80-100 WEEKS	103-129 WEEKS
	B	LOCAL SANCTIONS (LS)	15-36 WEEKS		52-65 WEEKS
	C+	LS		15-36 WEEKS	
	C	LS			15-36 WEEKS
	D+	LS	Local Sanctions: 0 to 30 Days 0 to 12 Months Community Supervision 0 to 150 Hours Community Restitution \$0 to \$500 Fine		
	D	LS			
	E	LS			
		0 1 2 3 4 PRIOR ADJUDICATIONS or more			

NOTE: References in the grid to days or weeks mean periods of confinement.

(1) The vertical axis of the grid is the current offense category. The current offense category is determined by the offense of adjudication.

(2) The horizontal axis of the grid is the number of prior adjudications included in the juvenile's criminal history. Each prior felony adjudication shall count as one point. Each prior violation, misdemeanor, and gross misdemeanor adjudication shall count as 1/4 point. Fractional points shall be rounded down.

(3) The standard range disposition for each offense is determined by the intersection of the column defined by the prior adjudications and the row defined by the current offense category.

(4) RCW 13.40.180 applies if the offender is being sentenced for more than one offense.

(5) A current offense that is a violation is equivalent to an offense category of E. However, a disposition for a violation shall not include confinement.

OR

**OPTION B
SUSPENDED DISPOSITION ALTERNATIVE**

(1) If the offender is subject to a standard range disposition involving confinement by the department, the court may impose the standard range and suspend the disposition on condition that the offender comply with one or more local sanctions and any educational or treatment requirement. The treatment programs provided to the offender must be either research-based best practice programs as identified by the Washington state institute for public policy or the joint legislative audit and review committee, or for chemical dependency treatment programs or services, they must be evidence-based or research-based best practice programs. For the purposes of this subsection:

(a) "Evidence-based" means a program or practice that has had multiple site random controlled trials across heterogeneous populations demonstrating that the program or practice is effective for the population; and

(b) "Research-based" means a program or practice that has some research demonstrating effectiveness, but that does not yet meet the standard of evidence-based practices.

(2) If the offender fails to comply with the suspended disposition, the court may impose sanctions pursuant to RCW 13.40.200 or may revoke the suspended disposition and order the disposition's execution.

(3) An offender is ineligible for the suspended disposition option under this section if the offender is:

(a) Adjudicated of an A+ offense;

(b) Fourteen years of age or older and is adjudicated of one or more of the following offenses:

(i) A class A offense, or an attempt, conspiracy, or solicitation to commit a class A offense;

(ii) Manslaughter in the first degree (RCW 9A.32.060); or

(iii) Assault in the second degree (RCW 9A.36.021), extortion in the first degree (RCW 9A.56.120), kidnapping in the second degree (RCW 9A.40.030), robbery in the second degree (RCW 9A.56.210), residential burglary (RCW 9A.52.025), burglary in the second degree (RCW 9A.52.030), drive-by shooting (RCW 9A.36.045), vehicular homicide (RCW 46.61.520), hit and run death (RCW 46.52.020(4)(a)), intimidating a witness (RCW 9A.72.110), violation of the uniform controlled substances act (RCW 69.50.401 (2)(a) and (b)), or manslaughter 2 (RCW 9A.32.070), when the offense includes infliction of bodily harm upon another or when during the commission or immediate withdrawal from the offense the respondent was armed with a deadly weapon;

- (c) Ordered to serve a disposition for a firearm violation under RCW 13.40.193; or
- (d) Adjudicated of a sex offense as defined in RCW 9.94A.030.

OR

**OPTION C
CHEMICAL DEPENDENCY DISPOSITION ALTERNATIVE**

If the juvenile offender is subject to a standard range disposition of local sanctions or 15 to 36 weeks of confinement and has not committed an A- or B+ offense, the court may impose a disposition under RCW 13.40.160(4) and 13.40.165.

OR

**OPTION D
MANIFEST INJUSTICE**

If the court determines that a disposition under option A, B, or C would effectuate a manifest injustice, the court shall impose a disposition outside the standard range under RCW 13.40.160(2).

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 159

[Second Substitute House Bill 2635]

SCHOOL DISTRICTS—BOUNDARIES AND ORGANIZATION

AN ACT Relating to school district boundaries and organization; amending RCW 28A.315.195, 28A.315.205, 28A.315.085, 28A.315.105, 28A.323.020, and 28A.343.070; adding a new section to chapter 28A.315 RCW; creating a new section; recodifying RCW 28A.323.020; and repealing RCW 28A.315.125, 28A.315.135, 28A.315.145, and 28A.323.030.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28A.315.195 and 2006 c 263 s 502 are each amended to read as follows:

(1) A proposed change in school district organization by transfer of territory from one school district to another may be initiated by a petition in writing presented to the educational service district superintendent:

(a) Signed by at least fifty percent plus one of the active registered voters residing in the territory proposed to be transferred; or

(b) Signed by a majority of the members of the board of directors of one of the districts affected by a proposed transfer of territory and providing documentation that, before signing the petition, the board of directors took the following actions:

(i) Communicated the proposed transfer to the board of directors of the affected district or districts and provided an opportunity for the board of the affected district or districts to respond; and

(ii) Communicated the proposed transfer to the registered voters residing in the territory proposed to be transferred, provided notice of a public hearing regarding the proposal, and provided the voters an opportunity to comment on the proposal at the public hearing.

(2) The petition shall state the name and number of each district affected, describe the boundaries of the territory proposed to be transferred, and state the reasons for desiring the change and the number of children of school age, if any, residing in the territory.

(3) The educational service district superintendent shall not complete any transfer of territory under this section that involves ten percent or more of the common school student population of the entire district from which the transfer is proposed, unless the educational service district superintendent has first called and held a special election of the voters of the entire school district from which the transfer of territory is proposed. The purpose of the election is to afford those voters an opportunity to approve or reject the proposed transfer. A simple majority shall determine approval or rejection.

(4) The superintendent of public instruction may establish rules limiting the frequency of petitions that may be filed pertaining to territory included in whole or in part in a previous petition.

(5) Upon receipt of the petition, the educational service district superintendent shall notify in writing the affected districts that:

(a) Each school district board of directors, whether or not initiating a proposed transfer of territory, is required to enter into negotiations with the affected district or districts;

(b) In the case of a citizen-initiated petition, the affected districts must negotiate on the entire proposed transfer of territory;

(c) The districts have ninety calendar days in which to agree to the proposed transfer of territory;

(d) The districts may request and shall be granted by the educational service district superintendent one thirty-day extension to try to reach agreement; and

(e) Any district involved in the negotiations may at any time during the ninety-day period notify the educational service district superintendent in writing that agreement will not be possible.

(6) If the negotiating school boards cannot come to agreement about the proposed transfer of territory, the educational service district superintendent, if requested by the affected districts, shall appoint a mediator. The mediator has thirty days to work with the affected school districts to see if an agreement can be reached on the proposed transfer of territory.

(7) If the affected school districts cannot come to agreement about the proposed transfer of territory, and the districts do not request the services of a mediator or the mediator was unable to bring the districts to agreement, either district may file with the educational service district superintendent a written request for a hearing by the regional committee.

(8) If the affected school districts cannot come to agreement about the proposed transfer of territory initiated by citizen petition, and the districts do not request the services of a mediator or the mediator was unable to bring the districts to agreement, the district in which the citizens who filed the petition reside shall file with the educational service district superintendent a written

request for a hearing by the regional committee, unless a majority of the citizen petitioners request otherwise.

(9) Upon receipt of a notice under subsection (7) or (8) of this section, the educational service district superintendent shall notify the chair of the regional committee in writing within ten days.

(10) Costs incurred by school districts under this section shall be reimbursed by the state from such funds as are appropriated for this purpose.

Sec. 2. RCW 28A.315.205 and 2006 c 263 s 503 are each amended to read as follows:

(1) The chair of the regional committee shall schedule a hearing on the proposed transfer of territory at a location in the educational service district within sixty calendar days of being notified under RCW 28A.315.195 (7) or (8).

(2) Within thirty calendar days of the hearing under subsection (1) of this section, or final hearing if more than one is held by the committee, the committee shall issue its written findings and decision to approve or disapprove the proposed transfer of territory. The educational service district superintendent shall transmit a copy of the committee's decision to the superintendents of the affected school districts within ten calendar days.

(3) In carrying out the purposes of RCW 28A.315.015 and in making decisions as authorized under RCW 28A.315.095(1), the regional committee shall base its judgment upon whether and to the extent the proposed change in school district organization complies with RCW 28A.315.015(2) and rules adopted by the superintendent of public instruction under chapter 34.05 RCW.

(4) The rules under subsection (3) of this section shall provide for giving consideration to all of the following:

(a) Student educational opportunities as measured by the percentage of students performing at each level of the statewide mandated assessments and data regarding student attendance, graduation, and dropout rates;

(b) The safety and welfare of pupils. For the purposes of this subsection, "safety" means freedom or protection from danger, injury, or damage and "welfare" means a positive condition or influence regarding health, character, and well-being;

(c) The history and relationship of the property affected to the students and communities affected, including, for example, ~~((inclusion within a single school district, for school attendance and corresponding tax support purposes, of entire master planned communities that were or are to be developed pursuant to an integrated commercial and residential development plan with over one thousand dwelling units))~~ the impact of the growth management act and current or proposed urban growth areas, city boundaries, and master planned communities;

(d) Whether or not geographic accessibility warrants a favorable consideration of a recommended change in school district organization, including remoteness or isolation of places of residence and time required to travel to and from school; and

(e) All funding sources of the affected districts, equalization among school districts of the tax burden for general fund and capital purposes through a reduction in disparities in per pupil valuation when all funding sources are considered, improvement in the economies in the administration and operation of schools, and the extent the proposed change would potentially reduce or

increase the individual and aggregate transportation costs of the affected school districts.

(5)(a)(i) A petitioner or school district may appeal a decision by the regional committee to the superintendent of public instruction based on the claim that the regional committee failed to follow the applicable statutory and regulatory procedures or acted in an arbitrary and capricious manner. Any such appeal shall be based on the record and the appeal must be filed within thirty days of the final decision of the regional committee. The appeal shall be heard and determined by an administrative law judge in the office of administrative hearings, based on the standards in (a)(ii) of this subsection.

(ii) If the administrative law judge finds that all applicable procedures were not followed or that the regional committee acted in an arbitrary and capricious manner, the administrative law judge shall refer the matter back to the regional committee with an explanation of his or her findings. The regional committee shall rehear the proposal.

(iii) If the administrative law judge finds that all applicable procedures were followed or that the regional committee did not act in an arbitrary and capricious manner, depending on the appeal, the educational service district shall be notified and directed to implement the changes.

(b) Any school district or citizen petitioner affected by a final decision of the regional committee may seek judicial review of the committee's decision in accordance with RCW 34.05.570.

Sec. 3. RCW 28A.315.085 and 2006 c 263 s 507 are each amended to read as follows:

(1) The superintendent of public instruction shall furnish to regional committees the services of employed personnel and the materials and supplies necessary to enable them to perform the duties imposed upon them by this chapter. ~~((Members shall be reimbursed for expenses necessarily incurred by them in the performance of their duties in accordance with RCW 28A.315.155.))~~

(2) Costs that may be incurred by an educational service district in association with school district negotiations under RCW 28A.315.195 and supporting the regional committee under RCW 28A.315.205 shall be reimbursed by the state from such funds as are appropriated for these purposes.

Sec. 4. RCW 28A.315.105 and 1985 c 385 s 2 are each amended to read as follows:

(1) There is hereby created in each educational service district a committee which shall be known as the regional committee on school district organization, which committee shall be composed of not less than seven nor more than nine registered voters of the educational service district, the number to correspond with the number of board member districts established for the governance of the educational service district in which the regional committee is located.

(2) Members of each regional committee shall be appointed to serve a four-year term by the educational service district board of the district in which the regional committee is located. One member of the regional committee shall be ~~((elected from the registered voters of))~~ appointed from each such educational service district board member district. Appointed members of regional committees must be registered voters and reside in the educational service district board member district from which they are appointed. Members of

regional committees who were elected before the effective date of this section may serve the remainder of their four-year terms. Vacancies occurring for any reason, including at the end of the term of any member of a regional committee who was elected before the effective date of this section, shall be filled by appointment by the educational service district board of directors as provided in this section.

(3) In the event of a change in the number of educational service districts or in the number of educational service district board members pursuant to chapter 28A.310 RCW, a new regional committee shall be appointed for each affected educational service district at the expiration of the terms of the majority of the members of the regional committee. Those persons who were serving on a regional committee within an educational service district affected by a change in the number of districts or board members shall continue to constitute the regional committee for the educational service district within which they are registered to vote until the majority of a new board has been appointed.

(4) No appointed member of a regional committee may continue to serve on the committee if he or she ceases to be a registered voter of the educational service district board member district or if he or she is absent from three consecutive meetings of the committee without an excuse acceptable to the committee.

NEW SECTION. Sec. 5. The following acts or parts of acts are each repealed:

(1) RCW 28A.315.125 (Regional committees—Election of members—Qualifications) and 2006 c 263 s 508, 1993 c 416 s 2, 1990 c 33 s 295, 1985 c 385 s 4, & 1975-'76 2nd ex.s. c 15 s 1;

(2) RCW 28A.315.135 (Regional committees—Vacancies) and 1985 c 385 s 5, 1975 1st ex.s. c 275 s 81, 1969 ex.s. c 176 s 117, & 1969 ex.s. c 223 s 28A.57.033; and

(3) RCW 28A.315.145 (Regional committees—Terms of members) and 1993 c 416 s 3, 1990 c 33 s 296, 1985 c 385 s 6, & 1969 ex.s. c 223 s 28A.57.034.

Sec. 6. RCW 28A.323.020 and 2006 c 263 s 612 are each amended to read as follows:

The duties in this chapter imposed upon and required to be performed by a regional committee and by an educational service district superintendent in connection with a change in the organization and extent of school districts and/or with the adjustment of the assets and liabilities of school districts and with all matters related to such change or adjustment whenever territory lying in ~~((a single))~~ more than one educational service district is involved shall be performed ~~((jointly))~~ by the regional committee~~((s))~~ and by the superintendent~~((s))~~ of the ~~((several))~~ educational service district~~((s as required whenever territory lying in more than one educational service district is involved in a proposed change in the organization and extent of school districts: PROVIDED, That a regional committee may designate three of its members, or two of its members and the educational service district superintendent, as a subcommittee to serve in lieu of the whole committee, but action by a subcommittee shall not be binding unless approved by a majority of the regional committee))~~ in which is located the part of the proposed or enlarged school district having the largest number of common

school pupils residing therein. Proposals for changes in the organization and extent of school districts and proposed terms of adjustment of assets and liabilities thus prepared and approved shall be submitted to the superintendent of public instruction (~~(by the regional committee of the educational service district in which is located the part of the proposed or enlarged district having the largest number of common school pupils residing therein)~~).

NEW SECTION. Sec. 7. RCW 28A.323.030 (School districts in two or more educational service districts—Proposed change or adjustment—Procedure when one committee does not approve or fails to act—Temporary committee) and 1990 c 33 s 310, 1985 c 385 s 26, 1975 1st ex.s. c 275 s 96, 1969 ex.s. c 176 s 132, & 1969 ex.s. c 223 s 28A.57.245 are each repealed.

NEW SECTION. Sec. 8. RCW 28A.323.020 is recodified as a new section in chapter 28A.315 RCW.

Sec. 9. RCW 28A.343.070 and 1990 c 33 s 324 are each amended to read as follows:

Each educational service district superintendent shall prepare and keep in his or her office (~~((1))~~) a map showing the boundaries of the directors' districts of all school districts in or belonging to his or her educational service district that are so divided(~~(, and (2) a record of the action taken by the regional committee in establishing such boundaries)~~).

NEW SECTION. Sec. 10. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 160

[Engrossed House Bill 2641]

HIGHER EDUCATION—PERFORMANCE AGREEMENTS

AN ACT Relating to higher education performance agreements; adding new sections to chapter 28B.10 RCW; adding a new section to chapter 44.28 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. (1) The legislature finds that in the last ten years, significant progress has been made to identify and monitor accountability and performance measures in higher education, both internally in institutions and externally in the legislative and state policymaking environment.

(2) However, the legislature further finds that opportunities exist to promote greater visibility of performance measures among policymakers and among the public consumers of higher education. Policy decisions, including decisions about resource allocation, should be made with greater knowledge and a shared understanding about the tradeoffs between resources, flexibility, and desired outcomes. A forum should be created to allow discussion among policymakers and institution leaders about setting outcome-oriented priorities, targeting of

investments, linking operating and capital planning, and creating a longer-term view than the biennial budget cycle typically permits.

(3) Therefore, the legislature intends to implement a process for such discussions, agreements, and planning to occur. The process of crafting higher education performance agreements will be pilot-tested over a six-year period with the public four-year institutions of higher education beginning in 2008.

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

(1) As used in this section and sections 3 and 4 of this act, a performance agreement is an agreement reached between the state and the governing board of an institution of higher education and approved by the legislature using the process provided in section 4 of this act.

(2) The purpose of a performance agreement is to develop and communicate a six-year plan developed jointly by state policymakers and an institution of higher education that aligns goals, priorities, desired outcomes, flexibility, institutional mission, accountability, and levels of resources.

(3) Beginning in 2008, performance agreements shall be pilot-tested with the public four-year institutions of higher education.

NEW SECTION. Sec. 3. A new section is added to chapter 28B.10 RCW to read as follows:

(1) Performance agreements shall address but not be limited to the following issues:

(a) Indicators that measure outcomes concerning cost, quality, timeliness of student progress toward degrees and certifications, and articulation between and within the K-12 and higher education systems;

(b) Benchmarks and goals for long-term degree production, including discrete benchmarks and goals in particular fields of study;

(c) The level of resources necessary to meet the performance outcomes, benchmarks, and goals, subject to legislative appropriation;

(d) The prioritization of four-year institution capital budget projects by the office of financial management; and

(e) Indicators that measure outcomes concerning recruitment, retention, and success of students, faculty, and staff from diverse, underrepresented communities.

(2) The goals and outcomes identified in a performance agreement shall be linked to the role, mission, and strategic plan of the institution of higher education and aligned with the statewide strategic master plan for higher education.

(3) Performance agreements may also include grants to an institution, under the terms of the agreement, of flexibility or waivers from state controls or rules. The agreement may identify areas where statutory change is necessary to grant an institution flexibility or waivers of state agency rules.

(4) The following areas may not be included in a performance agreement:

(a) Flexibility or waivers of requirements in a collective bargaining agreement negotiated under chapter 28B.52, 41.56, 41.59, 41.76, or 41.80 RCW;

(b) Flexibility or waivers of administrative rules or processes governed by chapter 28B.52, 41.56, 41.59, 41.76, or 41.80 RCW;

(c) Rules, processes, duties, rights, and responsibilities of the academic faculty as contained in the faculty codes of the four-year institution;

(d) Flexibility or waivers of requirements under chapter 39.12 RCW;

(e) Flexibility or waivers of administrative rules or other regulations that address health and safety, civil rights, and nondiscrimination laws that apply to institutions of higher education; and

(f) State laws covering terms and conditions of employment, including but not limited to salaries, job security, and health, retirement, unemployment, or any other employment benefits.

NEW SECTION. Sec. 4. A new section is added to chapter 28B.10 RCW to read as follows:

(1) A state performance agreement committee is created to represent the state in developing performance agreements under this section and sections 2 and 3 of this act. The committee is composed of representatives from the governor's office, the office of financial management, the higher education coordinating board, the office of the superintendent of public instruction, two members of the senate appointed by the secretary of the senate, and two members of the house of representatives appointed by the speaker of the house of representatives. The state performance agreement committee shall be staffed by personnel from the higher education coordinating board.

(2) Each of the participating institutions shall develop a preliminary draft of a performance agreement with input from students and faculty. The governing boards of the public four-year institutions of higher education shall designate performance agreement representatives for each institution respectively that shall include two faculty members at those institutions bargaining under chapter 41.76 RCW, at least one of whom shall be appointed by the exclusive collective bargaining agent and the other appointed by the faculty governance organization of that institution. If the participating pilot institution does not bargain under chapter 41.76 RCW, then two faculty members shall be appointed by the faculty governance organization of that institution. The associated student governments or their equivalents shall designate two performance agreement representatives at those institutions. Starting with the preliminary drafts, the state performance agreement committee and representatives of each institution shall develop revised draft performance agreements for each institution and submit the revised drafts to the governor and the fiscal and higher education committees of the legislature no later than September 1, 2008.

(3) After receiving informal input on the revised draft performance agreements, particularly regarding the levels of resources assumed in the agreements, the state committee and institution representatives shall develop final proposed performance agreements and submit the agreements to the governor and the office of financial management by November 1, 2008, for consideration in development of the governor's 2009-2011 operating and capital budget recommendations.

(4) The state committee shall submit any legislation necessary to implement a performance agreement to the higher education committees of the senate and house of representatives.

(5) All cost items contained within a performance agreement are subject to legislative appropriation.

(6) If the legislature affirms, through a proviso in the 2009-2011 omnibus appropriations act, that the omnibus appropriations act and the 2009 capital budget act enacted by the legislature align with the proposed performance agreements, the performance agreements shall take effect beginning July 1, 2009, through June 30, 2015. If the legislature affirms, through a proviso in the 2009-2011 omnibus appropriations act or through inaction, that the omnibus appropriations act and/or the 2009 capital budget act are not aligned with the proposed performance agreements, the state committee and institution representatives shall redraft the agreements to align with the enacted budgets, and the redrafted agreements shall take effect beginning September 1, 2009, through June 30, 2015.

(7) The legislature, the state committee, and the institution representatives shall repeat the process described in subsection (6) of this section for each subsequent omnibus appropriations and capital budget act enacted between the 2010 and 2014 legislative sessions to ensure that the performance agreements are updated as necessary to align with enacted omnibus appropriations and capital budget acts.

NEW SECTION. Sec. 5. A new section is added to chapter 44.28 RCW to read as follows:

The joint committee shall conduct an evaluation of the higher education performance agreement pilot test under sections 2 through 4 of this act and make recommendations regarding changes to the substance or process of creating the agreements, including whether the performance agreement process should be continued and expanded to include additional higher education institutions. The evaluation shall be submitted to the governor and the higher education committees of the senate and house of representatives by November 1, 2014.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 161

[Engrossed Substitute House Bill 3012]

ESTATE DISTRIBUTION—DOCUMENTS

AN ACT Relating to estate distribution documents; and amending RCW 19.295.010.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 19.295.010 and 2007 c 67 s 2 are each amended to read as follows:

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

(1) "Market" or "marketing" includes every offer, contract, or agreement to prepare or gather information for the preparation of, or to provide, individualized advice about an estate distribution document.

(2) "Estate distribution document" means any one or more of the following documents, instruments, or writings prepared, or intended to be prepared, for a specific person or as marketing materials for distribution to any person, other than documents, instruments, writings, or marketing materials relating to a

payable on death account established under RCW 30.22.040(9) or a transfer on death account established under chapter 21.35 RCW:

(a) Last will and testament or any writing, however designated, that is intended to have the same legal effect as a last will and testament, and any codicil thereto;

(b) Revocable and irrevocable inter vivos trusts and any instrument which purports to transfer any of the trustor's current and/or future interest in real or personal property thereto;

(c) Agreement that fixes the terms and provisions of the sale of a decedent's interest in any real or personal property at or following the date of the decedent's death.

(3) "Financial institution" means a bank holding company registered under federal law, ~~((or))~~ a bank, trust company, mutual savings bank, savings bank, savings and loan association or credit union organized under state or federal law, or any affiliate, subsidiary, officer, or employee of a financial institution.

(4) "Person" means any natural person, corporation, partnership, limited liability company, firm, or association.

Passed by the House February 18, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 162

[Substitute House Bill 2582]

HIGHER EDUCATION—INSTITUTIONS—CHILDCARE

AN ACT Relating to child care at institutions of higher education; amending RCW 28B.135.010 and 28B.135.030; adding a new section to chapter 28B.135 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. It is the intent of the legislature to improve access to higher education for all residents and ensure that students have the necessary resources and support services to attain their educational goals while keeping families strong. For many students, the lack of affordable, accessible, quality child care on or in close proximity to colleges and universities is a barrier to completion of their higher education goals. Further, it is the intent of the legislature to adopt policies that, to the extent possible, leverage existing resources and maximize educational outcomes by supporting affordable, accessible, and quality child care programs.

Sec. 2. RCW 28B.135.010 and 1999 c 375 s 1 are each amended to read as follows:

Two Washington accounts for student child care in higher education are established. The higher education coordinating board shall administer the program for the four-year institutions of higher education and the state board for community and technical colleges shall administer the program for the two-year institutions of higher education. Through these programs the boards ~~((may))~~ shall award ~~((on a competitive basis))~~ either competitive or matching child care grants to state institutions of higher education to encourage programs to address

the need for high quality, accessible, and affordable child care for students at higher education institutions. The grants shall be used exclusively for the provision of quality child care services for students at institutions of higher education. The university or college administration and student government association, or its equivalent, of each institution receiving the award ~~((shall))~~ may contribute financial support in an amount equal to or greater than the child care grant received by the institution.

Sec. 3. RCW 28B.135.030 and 2005 c 490 s 8 are each amended to read as follows:

The higher education coordinating board ~~((shall administer the program for four year institutions of higher education. The state board for community and technical colleges shall administer the program for community and technical colleges. The higher education coordinating board and the state board for community and technical colleges))~~ shall have the following powers and duties in administering ~~((each))~~ the program for the four-year institutions of higher education:

- (1) To adopt rules necessary to carry out the program;
- (2) To establish one or more review committees to assist in the evaluation of proposals for funding. The review committees ~~((shall include but not be limited to individuals from the Washington association for the education of young children and the child care resource and referral network))~~ may receive input from parents, educators, and other experts in the field of early childhood education for this purpose;
- (3) To establish each biennium specific guidelines for submitting grant proposals consistent with the overall goals of the program. ~~((During the 1999-2001 biennium))~~ The guidelines shall be consistent with the following desired outcomes of increasing access to quality child care for students, ((addressing the demand for infant and toddler care;)) providing affordable child care alternatives((; creating more cooperative preschool programs, creating models that can be replicated at other institutions)) for students, creating a partnership between university or college administrations, university or college foundations, and student government associations, or ((its)) their equivalents ((and increasing efficiency and innovation at campus child care centers));
- (4) To ~~((establish guidelines for an allocation system based on factors that include but are not limited to:))~~ proportionally distribute the amount of money available in the trust fund~~((; characteristics of the institutions including the size of the faculty and student body; and the number of child care grants received))~~ based on the financial support for child care received by the student government associations or their equivalents. Student government associations may solicit funds from private organizations and targeted fund-raising campaigns as part of their financial support for child care;
- (5) To solicit grant proposals and provide information to the institutions of higher education about the program; ~~((and))~~
- (6) To establish reporting, evaluation, accountability, monitoring, and dissemination requirements for the recipients of the grants; and
- (7) To report to the appropriate committees of the legislature by December 15, 2008, and every two years thereafter, on the status of program design and implementation at the four-year institutions of higher education. The report shall include but not be limited to summary information on the institutions

receiving child care grant allocations, the amount contributed by each university or college administration and student government association for the purposes of child care including expenditures and reports for the previous biennium, services provided by each institutional child care center, the number of students using such services, and identifiable unmet need.

NEW SECTION. Sec. 4. A new section is added to chapter 28B.135 RCW to read as follows:

The state board for community and technical colleges shall have the following powers and duties in administering the program established in RCW 28B.135.010 for the two-year institutions of higher education:

- (1) To adopt rules necessary to carry out the program;
- (2) To establish, if deemed necessary, one or more review committees to assist in the evaluation of proposals for funding. The review committees may receive input from parents, educators, and other experts in the field of early childhood education for this purpose;
- (3) To establish each biennium specific guidelines for submitting grant proposals consistent with the overall goals of the program. The guidelines shall be consistent with the following desired outcomes of increasing access to quality child care for students, providing affordable child care alternatives for students, creating more cooperative preschool programs or other alternative parent education models, creating models that can be replicated at other institutions, creating a partnership between college administrations, college foundations, and student government associations, or their equivalents, and increasing innovation at campus child care centers;
- (4) To establish guidelines for an allocation system based on factors that include but are not limited to: The amount of money available in the trust fund and the financial support for child care received by the student government associations or their equivalents. Student government associations may solicit funds from private organizations and targeted fund-raising campaigns as part of their financial support for child care;
- (5) To solicit grant proposals and provide information to the institutions of higher education about the program;
- (6) To establish reporting, evaluation, accountability, monitoring, and dissemination requirements for the recipients of the grants; and
- (7) To report to the appropriate committees of the legislature by December 15, 2008, and every two years thereafter, on the status of program design and implementation within the community and technical college system. The report shall include but not be limited to summary information on the institutions receiving child grant allocations, the amount contributed by each college administration and student government association for the purposes of child care, including expenditures and reports for the previous biennium, services provided by each institutional child care center, the number of students using such services, and identifiable unmet need.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 163

[Engrossed Substitute House Bill 3166]

WASL AND STATE ASSESSMENT SYSTEM—DESIGN

AN ACT Relating to the design of the state assessment system and the Washington assessment of student learning; amending RCW 28A.655.070; adding a new section to chapter 28A.655 RCW; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that, according to a recent report from a consultant retained by the state board of education, end-of-course assessments have certain advantages over comprehensive assessments such as the current form of the Washington assessment of student learning, and in most other areas end-of-course assessments are comparable to comprehensive assessments in meeting public policy objectives for a statewide assessment system. The legislature further finds that because the state's assessment contract will be renegotiated before the end of 2008, the 2008 legislature has an opportunity to provide policy direction in the design of the state assessment system and the design of the Washington assessment of student learning.

Sec. 2. RCW 28A.655.070 and 2007 c 354 s 5 are each amended to read as follows:

(1) The superintendent of public instruction shall develop essential academic learning requirements that identify the knowledge and skills all public school students need to know and be able to do based on the student learning goals in RCW 28A.150.210, develop student assessments, and implement the accountability recommendations and requests regarding assistance, rewards, and recognition of the state board of education.

(2) The superintendent of public instruction shall:

(a) Periodically revise the essential academic learning requirements, as needed, based on the student learning goals in RCW 28A.150.210. Goals one and two shall be considered primary. To the maximum extent possible, the superintendent shall integrate goal four and the knowledge and skill areas in the other goals in the essential academic learning requirements; and

(b) Review and prioritize the essential academic learning requirements and identify, with clear and concise descriptions, the grade level content expectations to be assessed on the Washington assessment of student learning and used for state or federal accountability purposes. The review, prioritization, and identification shall result in more focus and targeting with an emphasis on depth over breadth in the number of grade level content expectations assessed at each grade level. Grade level content expectations shall be articulated over the grades as a sequence of expectations and performances that are logical, build with increasing depth after foundational knowledge and skills are acquired, and reflect, where appropriate, the sequential nature of the discipline. The office of the superintendent of public instruction, within seven working days, shall post on its web site any grade level content expectations provided to an assessment vendor for use in constructing the Washington assessment of student learning.

(3)(a) In consultation with the state board of education, the superintendent of public instruction shall maintain and continue to develop and revise a statewide academic assessment system in the content areas of reading, writing, mathematics, and science for use in the elementary, middle, and high school

years designed to determine if each student has mastered the essential academic learning requirements identified in subsection (1) of this section. School districts shall administer the assessments under guidelines adopted by the superintendent of public instruction. The academic assessment system may include a variety of assessment methods, including criterion-referenced and performance-based measures.

(b) Effective with the 2009 administration of the Washington assessment of student learning, the superintendent shall redesign the assessment in the content areas of reading, mathematics, and science in all grades except high school by shortening test administration and reducing the number of short answer and extended response questions.

(4) If the superintendent proposes any modification to the essential academic learning requirements or the statewide assessments, then the superintendent shall, upon request, provide opportunities for the education committees of the house of representatives and the senate to review the assessments and proposed modifications to the essential academic learning requirements before the modifications are adopted.

(5) The assessment system shall be designed so that the results under the assessment system are used by educators as tools to evaluate instructional practices, and to initiate appropriate educational support for students who have not mastered the essential academic learning requirements at the appropriate periods in the student's educational development.

(6) By September 2007, the results for reading and mathematics shall be reported in a format that will allow parents and teachers to determine the academic gain a student has acquired in those content areas from one school year to the next.

(7) To assist parents and teachers in their efforts to provide educational support to individual students, the superintendent of public instruction shall provide as much individual student performance information as possible within the constraints of the assessment system's item bank. The superintendent shall also provide to school districts:

(a) Information on classroom-based and other assessments that may provide additional achievement information for individual students; and

(b) A collection of diagnostic tools that educators may use to evaluate the academic status of individual students. The tools shall be designed to be inexpensive, easily administered, and quickly and easily scored, with results provided in a format that may be easily shared with parents and students.

(8) To the maximum extent possible, the superintendent shall integrate knowledge and skill areas in development of the assessments.

(9) Assessments for goals three and four of RCW 28A.150.210 shall be integrated in the essential academic learning requirements and assessments for goals one and two.

(10) The superintendent shall develop assessments that are directly related to the essential academic learning requirements, and are not biased toward persons with different learning styles, racial or ethnic backgrounds, or on the basis of gender.

(11) The superintendent shall consider methods to address the unique needs of special education students when developing the assessments under this section.

(12) The superintendent shall consider methods to address the unique needs of highly capable students when developing the assessments under this section.

(13) The superintendent shall post on the superintendent's web site lists of resources and model assessments in social studies, the arts, and health and fitness.

NEW SECTION. Sec. 3. A new section is added to chapter 28A.655 RCW to read as follows:

(1) In consultation with the state board of education, the superintendent of public instruction shall develop statewide end-of-course assessments for high school mathematics that measure student achievement of the state mathematics standards. The superintendent shall take steps to ensure that the language of the assessments is responsive to a diverse student population. The superintendent shall develop end-of-course assessments in algebra I, geometry, integrated mathematics I, and integrated mathematics II. The superintendent shall make the algebra I and integrated mathematics I end-of-course assessments available to school districts on an optional basis in the 2009-10 school year. The end-of-course assessments in algebra I, geometry, integrated mathematics I, and integrated mathematics II shall be implemented statewide in the 2010-11 school year.

(2) For the graduating class of 2013 and for purposes of the certificate of academic achievement under RCW 28A.655.061, results from the algebra I end-of-course assessment plus the geometry end-of-course assessment or results from the integrated mathematics I end-of-course assessment plus the integrated mathematics II end-of-course assessment may be used to demonstrate that a student meets the state standard on the mathematics content area of the high school Washington assessment of student learning.

(3) Beginning with the graduating class of 2014 and for purposes of the certificate of academic achievement under RCW 28A.655.061, the mathematics content area of the Washington assessment of student learning shall be assessed using either the algebra I end-of-course assessment plus the geometry end-of-course assessment or the integrated mathematics I end-of-course assessment plus the integrated mathematics II end-of-course assessment. All of the objective alternative assessments available to students under RCW 28A.655.061 and 28A.655.065 shall be available to any student who has taken the sequence of end-of-course assessments once but does not meet the state mathematics standard on the sequence of end-of-course assessments.

(4) The superintendent of public instruction shall report at least annually or more often if necessary to keep the education committees of the legislature informed on each step of the development and implementation process under this section.

NEW SECTION. Sec. 4. If specific funding for the purposes of section 3 of this act, referencing section 3 of this act by bill or chapter number and section number, is not provided by June 30, 2008, in the omnibus appropriations act, section 3 of this act is null and void.

Passed by the House March 8, 2008.

Passed by the Senate March 5, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 164

[Second Substitute House Bill 3168]

HEAD START PROGRAM—CREATION

AN ACT Relating to the creation of the Washington head start program; and adding new sections to chapter 43.215 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that:

(1) It is in the best interest of the state to provide early learning services to economically disadvantaged families;

(2) Research has demonstrated that comprehensive services, including family support services designed to meet the early education needs of low-income and at-risk children, are successful in improving school readiness, reducing the risk of juvenile delinquency and incarceration, and reducing reliance on public assistance among these children later in life;

(3) The state's early childhood education and assistance program was originally established to serve as the state counterpart to the federal head start program. When it was created, it aligned with the federal program in both standards and funding levels;

(4) The state early childhood education and assistance program has served an important role in providing comprehensive services to low-income children. However, since it was first created, per-child funding levels for the state program have not kept pace with funding levels for the federal program. This has resulted in fewer service hours for children and less intensive services for families;

(5) Aligning performance standards and funding levels for the state early childhood education and assistance program with federal head start will improve the quality of state-supported early learning programs. Additionally, it will improve school readiness through measures, such as a forty percent increase in class time, and it will achieve administrative efficiencies and make state-supported services more easily recognizable and accessible to parents and families eligible for these programs; and

(6) Providing quality early learning services for children from birth to age three is the most cost-effective investment society can make. Additionally, the state can use the demonstrated results from the federal early head start program as an example to expand its reach of services already provided to three and four-year old children to children in the critical birth to three years age category.

NEW SECTION. Sec. 2. (1) Within existing funds, the department shall develop a proposal for implementing a statewide Washington head start program. To the extent possible while maintaining quality standards, the proposal should align the state early childhood education and assistance program with federal head start program eligibility criteria, guidelines, performance standards, and methods/processes for ensuring continuous improvement in program quality. In this proposal, the department shall make recommendations that:

(a) Identify federal head start program guidelines, performance measures and standards, or other requirements for which state flexibility would be recommended. This shall include an analysis of how state flexibility may impact outcomes for children and how that flexibility might deviate from outcomes associated with the federal standards. Areas to be examined must include, but are not limited to, transportation requirements, service hour configurations, delivery methods, and impact on rural programs;

(b) Provide comparative data regarding child performance, readiness, and educational outcomes for Washington's existing head start and early childhood education and assistance programs;

(c) Determine the alignment between head start standards and the recommendations of Washington learns;

(d) Identify any change in the state early childhood education and assistance program laws that would be required to implement the Washington head start proposal;

(e) Identify additional resources needed to meet federal guidelines and standards. Areas to be examined must include, but are not limited to: Per-child funding levels, professional development and training needs, facilities needs, and technical assistance;

(f) Identify state early childhood education and assistance programs that do and do not offer full-day, full-year services to children, and what transition steps would be needed for these programs to operate in the same manner as federal head start programs;

(g) Provide steps for phasing-in the Washington head start proposal;

(h) Include a timeline, strategy, and funding needs to implement a statewide, state-supported early head start program as a component of the Washington head start proposal; and

(i) Detail the process the department would take with the regional office of federal head start in identifying any exceptions or waivers needed to provide flexibility and maintain high quality standards.

(2) In developing its recommendations for this proposal, the department shall seek, where appropriate and available, training or technical assistance from the appropriate regional office of federal head start in order to maximize nonstate resources that might be available for the consultative work and research involved with developing this proposal. The department also shall consult with and solicit input from:

(a) State early childhood education and assistance program providers on Indian reservations and across the state, including providers who operate solely state-supported programs;

(b) Tribal governments operating head start programs and early head start programs in the state to ensure that the needs of Indian and Alaskan native children and their families are incorporated into the recommendations of the proposal, especially as they pertain to standards or guidelines around language acquisition, school readiness, availability and need for services among Indian and Alaskan native children and their families, and curriculum development; and

(c) Providers operating migrant and seasonal head start programs in the state in order to address the needs of the children of migrant and seasonal farmworker families.

(3) The department shall make recommendations on how it would periodically review the standards and guidelines within the Washington head start program, including incorporation of the latest research and information on early childhood development as well as any new innovations that may further improve outcomes to low-income children and their families.

(4) The department's recommendations on a Washington head start proposal shall include how the proposal aligns with the department's current statutory duties. The recommendations shall also include any other options that may improve the quality of state-supported early learning programs.

(5) The department shall deliver its report to the governor and legislature by December 1, 2009.

NEW SECTION. **Sec. 3.** Sections 1 and 2 of this act are each added to chapter 43.215 RCW.

Passed by the House March 11, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 165

[Substitute House Bill 3212]

STUDENTS—MONITORING AND ADDRESSING ACHIEVEMENT

AN ACT Relating to monitoring and addressing achievement of groups of students; and amending RCW 28A.300.130, 43.06B.020, and 28A.655.090.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28A.300.130 and 2006 c 116 s 2 are each amended to read as follows:

(1) To facilitate access to information and materials on educational improvement and research, the superintendent of public instruction, to the extent funds are appropriated, shall establish the center for the improvement of student learning. The center shall work in conjunction with parents, educational service districts, institutions of higher education, and education, parent, community, and business organizations.

(2) The center, in conjunction with other staff in the office of the superintendent of public instruction, shall:

(a) Serve as a clearinghouse for information regarding successful educational improvement and parental involvement programs in schools and districts, and information about efforts within institutions of higher education in the state to support educational improvement initiatives in Washington schools and districts;

(b) Provide best practices research that can be used to help schools develop and implement: Programs and practices to improve instruction; systems to analyze student assessment data, with an emphasis on systems that will combine the use of state and local data to monitor the academic progress of each and every student in the school district; comprehensive, school-wide improvement plans; school-based shared decision-making models; programs to promote lifelong learning and community involvement in education; school-to-work transition programs; programs to meet the needs of highly capable students;

programs and practices to meet the needs of students with disabilities; programs and practices to meet the diverse needs of students based on gender, racial, ethnic, economic, and special needs status; research, information, and technology systems; and other programs and practices that will assist educators in helping students learn the essential academic learning requirements;

(c) Develop and maintain an internet web site to increase the availability of information, research, and other materials;

(d) Work with appropriate organizations to inform teachers, district and school administrators, and school directors about the waivers available and the broadened school board powers under RCW 28A.320.015;

(e) Provide training and consultation services, including conducting regional summer institutes;

(f) Identify strategies for improving the success rates of ethnic and racial student groups and students with disabilities, with disproportionate academic achievement;

(g) Work with parents, teachers, and school districts in establishing a model absentee notification procedure that will properly notify parents when their student has not attended a class or has missed a school day. The office of the superintendent of public instruction shall consider various types of communication with parents including, but not limited to, electronic mail, phone, and postal mail; and

(h) Perform other functions consistent with the purpose of the center as prescribed in subsection (1) of this section.

(3) The superintendent of public instruction shall select and employ a director for the center.

(4) The superintendent may enter into contracts with individuals or organizations including but not limited to: School districts; educational service districts; educational organizations; teachers; higher education faculty; institutions of higher education; state agencies; business or community-based organizations; and other individuals and organizations to accomplish the duties and responsibilities of the center. In carrying out the duties and responsibilities of the center, the superintendent, whenever possible, shall use practitioners to assist agency staff as well as assist educators and others in schools and districts.

(5) The office of the superintendent of public instruction shall report to the legislature by September 1, 2007, and thereafter biennially, regarding the effectiveness of the center for ~~((the))~~ the improvement of student learning, how the services provided by the center for ~~((the))~~ the improvement of student learning have been used and by whom, and recommendations to improve the accessibility and application of knowledge and information that leads to improved student learning and greater family and community involvement in the public education system.

Sec. 2. RCW 43.06B.020 and 2006 c 116 s 4 are each amended to read as follows:

The education ombudsman shall have the following powers and duties:

(1) To develop parental involvement materials, including instructional guides developed to inform parents of the essential academic learning requirements required by the superintendent of public instruction. The instructional guides also shall contain actions parents may take to assist their

children in meeting the requirements, and should focus on reaching parents who have not previously been involved with their children's education;

(2) To provide information to students, parents, and interested members of the public regarding this state's public elementary and secondary education system;

(3) To identify obstacles to greater parent and community involvement in school shared decision-making processes and recommend strategies for helping parents and community members to participate effectively in school shared decision-making processes, including understanding and respecting the roles of school building administrators and staff;

(4) To identify and recommend strategies for improving the success rates of ethnic and racial student groups and students with disabilities, with disproportionate academic achievement;

(5) To refer complainants and others to appropriate resources, agencies, or departments;

(6) To facilitate the resolution of complaints made by parents and students with regard to the state's public elementary and secondary education system;

(7) To perform such other functions consistent with the purpose of the education ombudsman; and

(8) To consult with representatives of the following organizations and groups regarding the work of the office of the education ombudsman, including but not limited to:

- (a) The state parent teacher association;
- (b) Certificated and classified school employees;
- (c) School and school district administrators;
- (d) Parents of special education students;
- (e) Parents of English language learners;
- (f) The Washington state commission on Hispanic affairs;
- (g) The Washington state commission on African-American affairs;
- (h) The Washington state commission on Asian Pacific American affairs;

and

- (i) The governor's office of Indian affairs.

Sec. 3. RCW 28A.655.090 and 1999 c 388 s 301 are each amended to read as follows:

(1) By September 10, 1998, and by September 10th each year thereafter, the superintendent of public instruction shall report to schools, school districts, and the legislature on the results of the Washington assessment of student learning and state-mandated norm-referenced standardized tests.

(2) The reports shall include the assessment results by school and school district, and include changes over time. For the Washington assessment of student learning, results shall be reported as follows:

- (a) The percentage of students meeting the standards;
- (b) The percentage of students performing at each level of the assessment;

~~((and))~~

(c) Disaggregation of results 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, beginning with the 2009-10 school year, students covered by

section 504 of the federal rehabilitation act of 1973, as amended (29 U.S.C. Sec. 794); and

(d) A learning improvement index that shows changes in student performance within the different levels of student learning reported on the Washington assessment of student learning.

(3) The reports shall contain data regarding the different characteristics of schools, such as poverty levels, percent of English as a second language students, dropout rates, attendance, percent of students in special education, and student mobility so that districts and schools can learn from the improvement efforts of other schools and districts with similar characteristics.

(4) The reports shall contain student scores on mandated tests by comparable Washington schools of similar characteristics.

(5) The reports shall contain information on public school choice options available to students, including vocational education.

(6) The reports shall be posted on the superintendent of public instruction's internet web site.

(7) To protect the privacy of students, the results of schools and districts that test fewer than ten students in a grade level shall not be reported. In addition, in order to ensure that results are reported accurately, the superintendent of public instruction shall maintain the confidentiality of statewide data files until the superintendent determines that the data are complete and accurate.

(8) The superintendent of public instruction shall monitor the percentage and number of special education and limited English-proficient students exempted from taking the assessments by schools and school districts to ensure the exemptions are in compliance with exemption guidelines.

Passed by the House February 14, 2008.

Passed by the Senate March 11, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 166

[Substitute Senate Bill 5104]

APPLIED BACCALAUREATE DEGREE PILOT PROGRAM

AN ACT Relating to the applied baccalaureate degree pilot program; amending RCW 28B.50.810; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that the six colleges that developed proposals for the applied baccalaureate degree pilot programs exhibited exemplary work preparing proposals. The proposals were consistent with the legislature's vision for expanding bachelor's degree access and with the principals and criteria developed by the college board. The legislature recognizes that the authorization for the pilots was limited in number and therefore not all the proposals were able to be approved. The legislature values the work that has been done and intends to provide authority for additional pilots so as not to lose the good work that has been done.

Sec. 2. RCW 28B.50.810 and 2005 c 258 s 6 are each amended to read as follows:

(1) By April 2006, the college board shall select four community or technical colleges to develop and offer programs of study leading to an applied baccalaureate degree. At least one of the four pilot programs chosen must lead to a baccalaureate of applied science degree which builds on an associate of applied science degree. The college board shall convene a task force that includes representatives of both the community and technical colleges to develop objective selection criteria.

(2) By February 2008, the college board shall select up to three colleges to develop and offer programs of study leading to an applied baccalaureate degree. At least one of the colleges selected must be a technical college. The college board shall use the objective selection criteria developed under subsections (1) and (3) of this section to make the selection.

(3) Colleges may submit an application to become a pilot college under this section. The college board shall review the applications and select the pilot colleges using objective criteria, including:

(a) The college demonstrates the capacity to make a long-term commitment of resources to build and sustain a high quality program;

(b) The college has or can readily engage faculty appropriately qualified to develop and deliver a high quality curriculum at the baccalaureate level;

(c) The college can demonstrate demand for the proposed program from a sufficient number of students within its service area to make the program cost-effective and feasible to operate;

(d) The college can demonstrate that employers demand the level of technical training proposed within the program, making it cost-effective for students to seek the degree; and

(e) The proposed program fills a gap in options available for students because it is not offered by a public four-year institution of higher education in the college's geographic area.

~~((3))~~ (4) A college selected as a pilot college under this section may develop the curriculum for and design and deliver courses leading to an applied baccalaureate degree. However, degree programs developed under this section are subject to approval by the college board under RCW 28B.50.090 and by the higher education coordinating board under RCW 28B.76.230 before a pilot college may enroll students in upper division courses. A pilot college approved under subsection (1) of this section may not enroll students in upper division courses before the fall academic quarter of 2006. A pilot college approved under subsection (2) of this section may not enroll students in upper division courses before the fall academic quarter of 2009.

NEW SECTION. Sec. 3. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the Senate March 8, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 167

[Senate Bill 6313]

DISABILITY HISTORY MONTH

AN ACT Relating to disability history month; adding a new section to chapter 28A.230 RCW; adding a new section to chapter 28B.10 RCW; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. This act may be known and cited as the disability history month act.

NEW SECTION. Sec. 2. The legislature finds that annually recognizing disability history throughout our entire public educational system, from kindergarten through grade twelve and at our colleges and universities, during the month of October will help to increase awareness and understanding of the contributions that people with disabilities in our state, nation, and the world have made to our society. The legislature further finds that recognizing disability history will increase respect and promote acceptance and inclusion of people with disabilities. The legislature further finds that recognizing disability history will inspire students with disabilities to feel a greater sense of pride, reduce harassment and bullying, and help keep students with disabilities in school.

NEW SECTION. Sec. 3. A new section is added to chapter 28A.230 RCW to read as follows:

Annually, during the month of October, each public school shall conduct or promote educational activities that provide instruction, awareness, and understanding of disability history and people with disabilities. The activities may include, but not be limited to, school assemblies or guest speaker presentations.

NEW SECTION. Sec. 4. A new section is added to chapter 28B.10 RCW to read as follows:

Annually, during the month of October, each of the public institutions of higher education shall conduct or promote educational activities that provide instruction, awareness, and understanding of disability history and people with disabilities. The activities may include, but not be limited to, guest speaker presentations.

Passed by the Senate March 10, 2008.

Passed by the House March 7, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 168

[Substitute Senate Bill 6328]

CAMPUS SAFETY AND SECURITY

AN ACT Relating to campus safety; amending RCW 28B.10.569; adding a new section to chapter 28B.10 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28B.10.569 and 1990 c 288 s 7 are each amended to read as follows:

(1) Each institution of higher education with a commissioned police force shall report to the Washington association of sheriffs and police chiefs or its successor agency, on a monthly basis, crime statistics for the Washington state uniform crime report, in the format required by the Washington association of sheriffs and police chiefs, or its successor agency. Institutions of higher education which do not have commissioned police forces shall report crime statistics through appropriate local law enforcement agencies.

(2) Each institution of higher education shall publish and distribute a report which shall be updated annually and which shall include the crime statistics as reported under subsection (1) of this section for the most recent three-year period. Upon request, the institution shall provide the report to every person who submits an application for admission to either a main or branch campus, and to each new employee at the time of employment. In its acknowledgment of receipt of the formal application for admission, the institution shall notify the applicant of the availability of such information. The information also shall be provided on an annual basis to all students and employees. Institutions with more than one campus shall provide the required information on a campus-by-campus basis.

~~(3)(a) Within existing resources, each institution of higher education shall ((provide to every new student and new employee)) make available to all students, faculty, and staff, and upon request to other interested persons, ((information which follows the general categories for safety policies and procedures outlined in this section. Such categories shall, at a minimum, include)) a campus safety plan that includes, at a minimum, the following:~~

~~(i) Data regarding:~~

~~(A) Campus enrollments((-);~~

~~(B) Campus nonstudent workforce profile((-); and~~

~~(C) The number ((and duties)) of campus security personnel((-);~~

~~(ii) Policies, procedures, and programs related to:~~

~~(A) Preventing and responding to violence and other campus emergencies;~~

~~(B) Setting the weapons policy on campus;~~

~~(C) Controlled substances as defined in RCW 64.44.010; and~~

~~(D) Governing student privacy;~~

~~(iii) Information about:~~

~~(A) Sexual assault, domestic violence, and stalking, including contact information for campus and community victim advocates, information on where to view or receive campus policies on complaints, and the name and contact information of the individual or office to whom students and employees may direct complaints of sexual assault, stalking, or domestic violence; and~~

~~(B) Sexual harassment, including contact information for campus and community victim advocates, information on where to view or receive campus policies on complaints, and the name and contact information of the individual or office to whom students and employees may direct complaints of sexual harassment;~~

~~(iv) Descriptions of:~~

~~(A) Mutual assistance arrangements with state and local police((-sexual assault and domestic violence and policies on controlled substances));~~

~~(B) Methods and options that persons with disabilities or special needs have to access services and programs;~~

(C) Escort and transportation services that provide for individual security;

(D) Mental health and counseling services available to students, faculty, and staff;

(E) Procedures for communicating with students, faculty, staff, the public, and the media, during and following natural and nonnatural emergencies.

~~((Information))~~ (b) The campus safety plan shall include, for the most recent academic year ((also shall include)):

(i) A description of ((any)) programs and services offered by ((an institution's student affairs or services department, and by student government organizations regarding)) the institution and student-sponsored organizations that provide for crime prevention and counseling((- including a directory)). The description must include a listing of the available services ((and appropriate telephone numbers and physical locations of these services. In addition)), the service locations, and how the services may be contacted; and

(ii) For institutions maintaining student housing facilities ((shall include)), information detailing security policies and programs for those facilities.

~~(c)~~ (i) Institutions with a main campus and one or more branch campuses shall provide the information on a campus-by-campus basis.

~~((In the case of))~~ (ii) Community and technical colleges((- colleges)) shall provide such information ((to)) for the main campuses only, and shall provide reasonable alternative information ((at)) for any off-campus centers and ((other)) affiliated college sites enrolling ((less)) fewer than one hundred students.

(4)(a) Each institution shall enter into memoranda of understanding that set forth responsibilities for the various local jurisdictions in the event of a campus emergency.

(b) Each institution shall enter into mutual aid agreements with local jurisdictions regarding the shared use of equipment and technology in the event of a campus emergency.

(c) Memoranda of understanding and mutual aid agreements shall be updated and included in campus safety plans.

(5)(a) Each institution shall establish a task force ((which shall annually)) that examines campus security and safety issues at least annually. ((The task force shall review the report published and distributed pursuant to this section in order to ensure the accuracy and effectiveness of the report, and make any suggestions for improvement. This)) Each task force shall include representation from the institution's administration, faculty, staff, recognized student organizations, and police or security organization.

(b) Each task force shall review the campus safety plan published and distributed under this section for its respective institution, in order to ensure its accuracy and effectiveness and to make any suggestions for improvement.

(6) The president of each institution shall designate a specific individual responsible for monitoring and coordinating the institution's compliance with this section and shall ensure that contact information for this individual is made available to all students, faculty, and staff.

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

(1) Each institution of higher education shall take the following actions:

(a) By October 30, 2008, submit a self-study assessing its ability to facilitate the safety of students, faculty, staff, administration, and visitors on each campus,

including an evaluation of the effectiveness of these measures, an assessment of the institution's ability to disseminate information in a timely and efficient manner to students, faculty, and staff, an evaluation of the institution's ability to provide an appropriate level of mental health services, and an action plan and timelines describing plans to maximize program effectiveness for the next two biennia. Four-year institutions shall submit their studies to the higher education coordinating board. Community and technical colleges shall submit their studies to the state board for community and technical colleges.

(b) By October 30th of each even-numbered year, beginning in 2010, each institution shall submit an update to its plan, including an assessment of the results of activities undertaken under any previous plan to address unmet safety issues, and additional activities, or modifications of current activities, to be undertaken to address remaining safety issues at the institution.

(2) The higher education coordinating board and the state board for community and technical colleges shall report biennially, beginning December 31, 2010, to the governor and the higher education committees of the house of representatives and the senate on:

(a) The efforts of each institution and the extent to which it has complied with RCW 28B.10.569 and subsection (1)(b) of this section; and

(b) Recommendations on measures to assist institutions to ensure and enhance campus safety.

NEW SECTION. Sec. 3. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the Senate March 10, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 169

[Senate Bill 6369]

WASHINGTON COMMUNITY LEARNING CENTER PROGRAM

AN ACT Relating to the Washington community learning center program; and amending RCW 28A.215.060.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28A.215.060 and 2007 c 400 s 5 are each amended to read as follows:

(1) The Washington community learning center program is established. The program shall be administered by the office of the superintendent of public instruction. The purposes of the program include:

(a) Supporting the creation or expansion of community learning centers that provide students with tutoring and educational enrichment when school is not in session;

(b) Providing training and professional development for community learning center program staff;

(c) Increasing public awareness of the availability and benefits of after-school programs; and

(d) Supporting statewide after-school intermediary organizations in their efforts to provide leadership, coordination, technical assistance, professional development, advocacy, and programmatic support to the Washington community learning center programs and after-school programs throughout the state.

(2)(a) Subject to funds appropriated for this purpose, the office of the superintendent of public instruction may provide community learning center grants to any public or private organization that meets the eligibility criteria of the federal twenty-first century community learning centers program.

(b) Priority may be given to grant requests submitted jointly by one or more schools or school districts and one or more community-based organizations or other nonschool partners.

(c) Priority may also be given to grant requests for after-school programs focusing on improving mathematics achievement, particularly for middle and junior high school students.

(d) Priority shall be given to grant requests that:

(i) Focus on improving reading and mathematics proficiency for students who attend schools that have been identified as being in need of improvement under section 1116 of Title I of the federal no child left behind act of 2001; and

(ii) Include a public/private partnership agreement or proposal for how to provide free transportation for those students in need that are involved in the program.

(3) Community learning center grant funds may be used to carry out a broad array of out-of-school activities that support and enhance academic achievement. The activities may include but need not be limited to:

(a) Remedial and academic enrichment;

(b) Mathematics, reading, and science education;

(c) Arts and music education;

(d) Entrepreneurial education;

(e) Community service;

(f) Tutoring and mentoring programs;

(g) Programs enhancing the language skills and academic achievement of limited English proficient students;

(h) Recreational and athletic activities;

(i) Telecommunications and technology education;

(j) Programs that promote parental involvement and family literacy;

(k) Drug and violence prevention, counseling, and character education programs; and

(l) Programs that assist students who have been truant, suspended, or expelled, to improve their academic achievement.

(4) Each community learning center grant may be made for a maximum of five years. Each grant recipient shall report annually to the office of the superintendent of public instruction on what transportation services are being used to assist students in accessing the program and how those services are being funded. Based on this information, the office of the superintendent of public instruction shall compile a list of transportation service options being used and make that list available to all after-school program providers that were eligible for the community learning center program grants.

(5) To the extent that funding is available for this purpose, the office of the superintendent of public instruction may provide grants or other support for the training and professional development of community learning center staff, the activities of intermediary after-school organizations, and efforts to increase public awareness of the availability and benefits of after-school programs.

(6) Schools or school districts that receive a community learning center grant under this section may seek approval from the office of the superintendent of public instruction for flexibility to use a portion of their state transportation funds for the costs of transporting students to and from the community learning center program.

(7) The office of the superintendent of public instruction shall evaluate program outcomes and report to the governor and the education committees of the legislature on the outcomes of the grants and make recommendations related to program modification, sustainability, and possible expansion. An interim report is due November 1, 2008. A final report is due December 1, 2009.

Passed by the Senate February 15, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 170

[Second Substitute Senate Bill 6377]

SECONDARY EDUCATION—CAREER AND TECHNICAL EDUCATION PROGRAMS

AN ACT Relating to secondary career and technical education; amending RCW 28C.04.100, 28C.04.110, 28A.230.097, 28A.655.065, 28A.600.045, 28B.102.040, and 28A.505.220; amending 2007 c 399 s 3 (uncodified); amending 2007 c 354 s 12 (uncodified); adding new sections to chapter 28B.50 RCW; adding new sections to chapter 28A.245 RCW; adding a new chapter to Title 28A RCW; creating new sections; recodifying RCW 28C.04.100, 28C.04.110, and 28C.22.020; repealing RCW 28C.22.005 and 28C.22.010; providing an effective date; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. (1) The legislature finds that many secondary career and technical education programs have made progress in retooling for the twenty-first century by aligning with state and nationally certified programs that meet industry standards and by increasing the rigor of academic content in core skills such as reading, writing, mathematics, and science.

(2) However, the legislature also finds that increased expectations for students to meet the state's academic learning standards require students to take remedial courses. The state board of education is considering increasing credit requirements for high school graduation. Together these policies could restrict students from pursuing high quality career and technical education programs because students would not have adequate time in their schedules to enroll in a progressive sequence of career and technical courses.

(3) The legislature further finds that teachers, counselors, students, and parents are not well-informed about the opportunities presented by high quality career and technical education. Secondary career and technical education is not a stopping point but a beginning point for further education, including through a bachelor's degree. Secondary preapprenticeships and courses aligned to industry standards can lead directly to workforce entry as well as to additional education.

Career and technical education is a proven strategy to engage and motivate students, including students at risk of dropping out of school entirely.

(4) Finally, the legislature finds that state policies have been piecemeal in support of career and technical education. Laws exist to require state approval of career and technical programs, but could be strengthened by requiring alignment with industry standards and focusing on high-demand fields. Tech prep consortia have developed articulation agreements for dual credit and smooth transitions between high schools and colleges, but agreements remain highly decentralized between individual faculty and individual schools. Laws require school districts to create equivalences between academic and career and technical courses, but more support and professional development is needed to expand these opportunities.

(5) Therefore it is the legislature's intent to identify the gaps in current laws and policies regarding secondary career and technical education and fill those gaps in a comprehensive fashion to create a coherent whole. This act seeks to increase the quality and rigor of secondary career and technical education, improve links to postsecondary education, encourage and facilitate academic instruction through career and technical courses, and expand access to and awareness of the opportunities offered by high quality career and technical education.

PART I QUALITY, RIGOR, AND LINKS TO POSTSECONDARY EDUCATION

Sec. 101. RCW 28C.04.100 and 2001 c 336 s 2 are each amended to read as follows:

(1) To ensure high quality career and technical programs, the office of the superintendent of public instruction shall periodically review and approve the plans of local districts for the delivery of career and technical education. Standards for career and technical programs shall be established by the office of the superintendent of public instruction. ~~((These standards should:))~~ The office of the superintendent of public instruction shall develop a schedule for career and technical education plan reapproval under this section that includes an abbreviated review process for programs reapproved after 2005, but before the effective date of this section. All school district career and technical education programs must meet the requirements of this section by August 31, 2010.

(2) To receive approval, school district plans must:

(a) Demonstrate how career and technical education programs will ensure academic rigor; align with the state's education reform requirements; help address the skills gap of Washington's economy; and maintain strong relationships with local career and technical education advisory councils for the design and delivery of career and technical education; ~~((and))~~

(b) Demonstrate a strategy to align the five-year planning requirement under the federal Carl Perkins act with the state and district ~~((vocational))~~ career and technical program planning requirements that include:

(i) An assessment of equipment and technology needs to support the skills training of technical students;

(ii) An assessment of industry internships required for teachers to ensure the ability to prepare students for industry-defined standards or certifications, or both;

(iii) An assessment of the costs of supporting job shadows, mentors, community service and industry internships, and other activities for student learning in the community; ~~(and)~~

(iv) A description of the leadership activities to be provided for technical education students; and

(v) Annual local school board approval:

(c) Demonstrate that all preparatory career and technical education courses offered by the district meet the requirements of RCW 28C.04.110 (as recodified by this act):

(d) Demonstrate progress toward meeting or exceeding the targets established under section 104 of this act of an increased number of career and technical programs in high-demand fields; and

(e) Demonstrate that approved career and technical programs maximize opportunities for students to earn dual credit for high school and college.

~~((2))~~ (3) To ensure high quality career education programs and services in secondary schools, the office of the superintendent of public instruction may provide technical assistance to local districts and develop state guidelines for the delivery of career guidance in secondary schools.

~~((3))~~ (4) To ensure leadership development, the staff of the office of the superintendent of public instruction may serve as the state advisors to Washington state FFA, Washington future business leaders of America, Washington DECA, Washington ~~((SkillsUSA-VICA))~~ SkillsUSA, Washington family, career and community leaders, and Washington technology students association, and any additional career or technical student organizations that are formed. Working with the directors or executive secretaries of these organizations, the office of the superintendent of public instruction may develop tools for the coordination of leadership activities with the curriculum of technical education programs.

~~((4))~~ (5) As used in this section, "career and technical education" means a planned program of courses and learning experiences that begins with exploration of career options; supports basic academic and life skills; and enables achievement of high academic standards, leadership, options for high skill, high wage employment preparation, and advanced and continuing education.

NEW SECTION. Sec. 102. (1) The office of the superintendent of public instruction, in consultation with the workforce training and education coordinating board, the Washington state apprenticeship and training council, and the state board for community and technical colleges, shall develop a list of statewide high-demand programs for secondary career and technical education. The list shall be developed using the high-demand list maintained by workforce development councils in consultation with the employment security department, the high employer demand programs of study identified by the workforce training and education coordinating board, and the high employer demand programs of study identified by the higher education coordinating board. Local school districts may recommend additional high-demand programs in

consultation with local career and technical education advisory committees by submitting evidence of local high demand.

(2) As used in this section and in sections 104, 105, 107, and 307 of this act:

(a) "High-demand program" means a career and technical education program that prepares students for either a high employer demand program of study or a high-demand occupation, or both.

(b) "High employer demand program of study" means an apprenticeship or an undergraduate or graduate certificate or degree program in which the number of students per year prepared for employment from in-state programs is substantially fewer than the number of projected job openings per year in that field, either statewide or in a substate region.

(c) "High-demand occupation" means an occupation with a substantial number of current or projected employment opportunities.

Sec. 103. RCW 28C.04.110 and 2006 c 115 s 2 are each amended to read as follows:

~~((The superintendent of public instruction shall develop a list of approved career and technical education programs that qualify for the objective alternative assessment for career and technical students developed under RCW 28A.655.065. Programs on the list))~~ All approved preparatory secondary career and technical education programs must meet the following minimum criteria:

(1) Either:

(a) Lead to a certificate or credential that is state or nationally recognized by trades, industries, or other professional associations as necessary for employment or advancement in that field; or

(b) Allow students to earn dual credit for high school and college through tech prep, advanced placement, or other agreements or programs;

(2) ~~((Require))~~ Be comprised of a sequenced progression of multiple courses~~((, both exploratory and preparatory;))~~ that are ~~((vocationally))~~ technically intensive and rigorous; and

(3) ~~((Have a high potential for providing the program completer with gainful employment or))~~ Lead to workforce entry ~~((into a), state or nationally approved apprenticeships, or postsecondary (workforce training program) education in a related field.~~

NEW SECTION. Sec. 104. (1) The office of the superintendent of public instruction shall establish performance measures and targets and monitor the performance of career and technical education programs in at least the following areas:

(a) Student participation in and completion of high-demand programs as identified under section 102 of this act;

(b) Students earning dual credit for high school and college; and

(c) Performance measures and targets established by the workforce training and education coordinating board, including but not limited to student academic and technical skill attainment, graduation rates, postgraduation employment or enrollment in postsecondary education, and other measures and targets as required by the federal Carl Perkins act, as amended.

(2) If a school district fails to meet the performance targets established under this section, the office of the superintendent of public instruction may require the district to submit an improvement plan. If a district fails to

implement an improvement plan or continues to fail to meet the performance targets for three consecutive years, the office of the superintendent of public instruction may use this failure as the basis to deny the approval or reapproval of one or more of the district's career and technical education programs.

NEW SECTION. Sec. 105. Subject to funds appropriated for this purpose, the office of the superintendent of public instruction shall allocate grants to middle schools, high schools, or skill centers, to develop or upgrade high-demand career and technical education programs as identified under section 102 of this act. Grant funds shall be allocated on a one-time basis and may be used to purchase or improve curriculum, create preapprenticeship programs, upgrade technology and equipment to meet industry standards, and for other purposes intended to initiate a new program or improve the rigor and quality of a high-demand program. Priority in allocating the funds shall be given to programs that are also considered high cost due to the types of technology and equipment necessary to maintain industry certification. Priority shall also be given to programs considered in most high demand in the state or applicable region.

Sec. 106. 2007 c 399 s 3 (uncodified) is amended to read as follows:

(1) The funding structure alternatives developed by the joint task force under section 2 of this act shall take into consideration the legislative priorities in this section, to the maximum extent possible and as appropriate to each formula.

(2) The funding structure should reflect the most effective instructional strategies and service delivery models and be based on research-proven education programs and activities with demonstrated cost benefits. In reviewing the possible strategies and models to include in the funding structure the task force shall, at a minimum, consider the following issues:

- (a) Professional development for all staff;
- (b) Whether the compensation system for instructional staff shall include pay for performance, knowledge, and skills elements; regional cost-of-living elements; elements to recognize assignments that are difficult; recognition for the professional teaching level certificate in the salary allocation model; and a plan to implement the pay structure;
- (c) Voluntary all-day kindergarten;
- (d) Optimum class size, including different class sizes based on grade level and ways to reduce class size;
- (e) Focused instructional support for students and schools;
- (f) Extended school day and school year options; (~~and~~)
- (g) Health and safety requirements; and
- (h) Staffing ratios and other components needed to support career and technical education programs.

(3) The recommendations should provide maximum transparency of the state's educational funding system in order to better help parents, citizens, and school personnel in Washington understand how their school system is funded.

(4) The funding structure should be linked to accountability for student outcomes and performance.

NEW SECTION. Sec. 107. (1) The office of the superintendent of public instruction, the workforce training and education coordinating board, the state board for community and technical colleges, the higher education coordinating

board, and the council of presidents shall work with local school districts, workforce education programs in colleges, tech prep consortia, and four-year institutions of higher education to develop model career and technical education programs of study as described by this section.

(2) Career and technical education programs of study:

(a) Incorporate secondary and postsecondary education elements;

(b) Include coherent and rigorous academic content aligned with state learning standards and relevant career and technical content in a coordinated, nonduplicative progression of courses that are aligned with postsecondary education in a related field;

(c) Include opportunities for students to earn dual high school and college credit; and

(d) Lead to an industry-recognized credential or certificate at the postsecondary level, or an associate or baccalaureate degree.

(3) During the 2008-09 school year, model career and technical education programs of study shall be developed for the following high-demand programs: Construction, health care, and information technology. Each school year thereafter, the office of the superintendent of public instruction, the state board for community and technical colleges, the higher education coordinating board, and the workforce training and education coordinating board shall select additional programs of study to develop, with a priority on high-demand programs as identified under section 102 of this act.

NEW SECTION. Sec. 108. A new section is added to chapter 28B.50 RCW to read as follows:

(1) It is the legislature's intent to recognize and support the work of community and technical colleges, high schools, and skill centers in creating articulation and dual credit agreements for career and technical education students, in part by codifying current practice.

(2) Community and technical colleges shall create agreements with high schools and skill centers to offer dual high school and college credit for secondary career and technical courses. Agreements shall be subject to approval by the chief instructional officer of the college and the principal and the career and technical education director of the high school or the executive director of the skill center.

(3) Community and technical colleges may create dual credit agreements with high schools and skill centers that are located outside the college district boundary or service area.

(4) If a community or technical college has created an agreement with a high school or skill center to offer college credit for a secondary career and technical course, all community and technical colleges shall accept the course for an equal amount of college credit.

PART II ACADEMIC INSTRUCTION THROUGH CAREER AND TECHNICAL EDUCATION

NEW SECTION. Sec. 201. (1) The office of the superintendent of public instruction shall support school district efforts under RCW 28A.230.097 to adopt course equivalencies for career and technical courses by:

(a) Recommending career and technical curriculum suitable for course equivalencies;

(b) Publicizing best practices for high schools and school districts in developing and adopting course equivalencies; and

(c) In consultation with the Washington association for career and technical education, providing professional development, technical assistance, and guidance for school districts seeking to expand their lists of equivalent courses.

(2) The office of the superintendent of public instruction shall provide professional development, technical assistance, and guidance for school districts to develop career and technical course equivalencies that also qualify as advanced placement courses.

(3) Subject to funds appropriated for this purpose, the office of the superintendent of public instruction shall allocate grant funds to school districts to increase the integration and rigor of academic instruction in career and technical courses. Grant recipients are encouraged to use grant funds to support teams of academic and technical teachers using a research-based professional development model supported by the national research center for career and technical education. The office of the superintendent of public instruction may require that grant recipients provide matching resources using federal Carl Perkins funds or other fund sources.

Sec. 202. RCW 28A.230.097 and 2006 c 114 s 2 are each amended to read as follows:

(1) Each high school or school district board of directors shall adopt course equivalencies for career and technical high school courses offered to students ~~((at the))~~ in high schools and skill centers. A career and technical course equivalency may be for whole or partial credit. Each school district board of directors shall develop a course equivalency approval procedure.

(2) Career and technical courses determined to be equivalent to academic core courses, in full or in part, by the high school or school district shall be accepted as meeting core requirements, including graduation requirements, if the courses are recorded on the student's transcript using the equivalent academic high school department designation and title. Full or partial credit shall be recorded as appropriate. The high school or school district shall also issue and keep record of course completion certificates that demonstrate that the career and technical courses were successfully completed as needed for industry certification, college credit, or preapprenticeship, as applicable. The certificate shall be either part of the student's high school and beyond plan or the student's culminating project, as determined by the student. The office of the superintendent of public instruction shall develop and make available electronic samples of certificates of course completion.

NEW SECTION. Sec. 203. A new section is added to chapter 28A.245 RCW to read as follows:

Skill centers may enter into agreements with one or more cooperating school districts to grant a high school diploma on behalf of the district so that students who are juniors and seniors have an opportunity to attend the skill center on a full-time basis without coenrollment at a district high school. To avoid competition with other high schools in the cooperating district, high school completion programs operated by skill centers shall be designed as

dropout prevention and retrieval programs for at-risk and credit-deficient students or for fifth-year seniors. A skill center may use grant awards from the building bridges program under RCW 28A.175.025 to develop high school completion programs as provided in this section.

****NEW SECTION. Sec. 204. (1) Subject to funds appropriated for this purpose, the secondary integrated basic education and skills training (I-BEST) pilot project is created to integrate career and technical instruction, core academic and basic skills, and English as a second language, for secondary school students. The objective of the pilot project is to determine whether and how a successful community and technical college instructional model can be adapted and implemented at a secondary school level.***

(2) The goal of secondary I-BEST is to enable and motivate secondary students who are struggling with language and academic skills to earn a high school diploma and be prepared for workforce entry or further education and training in a career and technical field. Under the pilot project, academic, career and technical, and English-as-a second-language teachers shall provide instruction through team and coteaching. Course content shall be integrated across the three domains of career and technical, academic, and language.

(3) The office of the superintendent of public instruction shall allocate pilot project grants to high schools or skill centers on a competitive basis. Grants are for a three-year period. The office of the superintendent of public instruction shall work with the state board for community and technical colleges, grant recipients, and the Washington State University social and economic sciences research center to design and implement an evaluation of the pilot project that includes comparisons of gains in achievement for students in the project compared to other similar students. A report on the pilot project and results of the evaluation shall be submitted to the governor and the education and fiscal committees of the legislature by December 1, 2011.

(4) The state board for community and technical colleges shall provide technical assistance and advice to the office of the superintendent of public instruction and the pilot project regarding best practices for I-BEST, including program design, professional development, assessment, and evaluation. The state board shall also designate one or more community or technical colleges with exemplary postsecondary I-BEST programs to serve as mentors for the pilot project.

(5) This section expires June 30, 2012.

****Sec. 204 was vetoed. See message at end of chapter.***

Sec. 205. RCW 28A.655.065 and 2007 c 354 s 6 are each amended to read as follows:

(1) The legislature has made a commitment to rigorous academic standards for receipt of a high school diploma. The primary way that students will demonstrate that they meet the standards in reading, writing, mathematics, and science is through the Washington assessment of student learning. Only objective assessments that are comparable in rigor to the state assessment are authorized as an alternative assessment. Before seeking an alternative assessment, the legislature expects students to make a genuine effort to meet

state standards, through regular and consistent attendance at school and participation in extended learning and other assistance programs.

(2) Under RCW 28A.655.061, beginning in the 2006-07 school year, the superintendent of public instruction shall implement objective alternative assessment methods as provided in this section for students to demonstrate achievement of the state standards in content areas in which the student has not yet met the standard on the high school Washington assessment of student learning. A student may access an alternative if the student meets applicable eligibility criteria in RCW 28A.655.061 and this section and other eligibility criteria established by the superintendent of public instruction, including but not limited to attendance criteria and participation in the remediation or supplemental instruction contained in the student learning plan developed under RCW 28A.655.061. A school district may waive attendance and/or remediation criteria for special, unavoidable circumstances.

(3) For the purposes of this section, "applicant" means a student seeking to use one of the alternative assessment methods in this section.

(4) One alternative assessment method shall be a combination of the applicant's grades in applicable courses and the applicant's highest score on the high school Washington assessment of student learning, as provided in this subsection. A student is eligible to apply for the alternative assessment method under this subsection (4) if the student has a cumulative grade point average of at least 3.2 on a four point grading scale. The superintendent of public instruction shall determine which high school courses are applicable to the alternative assessment method and shall issue guidelines to school districts.

(a) Using guidelines prepared by the superintendent of public instruction, a school district shall identify the group of students in the same school as the applicant who took the same high school courses as the applicant in the applicable content area. From the group of students identified in this manner, the district shall select the comparison cohort that shall be those students who met or slightly exceeded the state standard on the Washington assessment of student learning.

(b) The district shall compare the applicant's grades in high school courses in the applicable content area to the grades of students in the comparison cohort for the same high school courses. If the applicant's grades are equal to or above the mean grades of the comparison cohort, the applicant shall be deemed to have met the state standard on the alternative assessment.

(c) An applicant may not use the alternative assessment under this subsection (4) if there are fewer than six students in the comparison cohort.

(5) The superintendent of public instruction shall develop an alternative assessment method that shall be an evaluation of a collection of work samples prepared and submitted by the applicant ~~(, as provided in this subsection and, for career and technical applicants, the additional requirements of subsection (6) of this section)~~.

(a) The superintendent of public instruction shall develop guidelines for the types and number of work samples in each content area that may be submitted as a collection of evidence that the applicant has met the state standard in that content area. Work samples may be collected from academic, career and technical, or remedial courses and may include performance tasks as well as

written products. The superintendent shall submit the guidelines for approval by the state board of education.

(b) The superintendent shall develop protocols for submission of the collection of work samples that include affidavits from the applicant's teachers and school district that the samples are the work of the applicant and a requirement that a portion of the samples be prepared under the direct supervision of a classroom teacher. The superintendent shall submit the protocols for approval by the state board of education.

(c) The superintendent shall develop uniform scoring criteria for evaluating the collection of work samples and submit the scoring criteria for approval by the state board of education. Collections shall be scored at the state level or regionally by a panel of educators selected and trained by the superintendent to ensure objectivity, reliability, and rigor in the evaluation. An educator may not score work samples submitted by applicants from the educator's school district. If the panel awards an applicant's collection of work samples the minimum required score, the applicant shall be deemed to have met the state standard on the alternative assessment.

(d) Using an open and public process that includes consultation with district superintendents, school principals, and other educators, the state board of education shall consider the guidelines, protocols, scoring criteria, and other information regarding the collection of work samples submitted by the superintendent of public instruction. The collection of work samples may be implemented as an alternative assessment after the state board of education has approved the guidelines, protocols, and scoring criteria and determined that the collection of work samples: (i) Will meet professionally accepted standards for a valid and reliable measure of the grade level expectations and the essential academic learning requirements; and (ii) is comparable to or exceeds the rigor of the skills and knowledge that a student must demonstrate on the Washington assessment of student learning in the applicable content area. The state board shall make an approval decision and determination no later than December 1, 2006, and thereafter may increase the required rigor of the collection of work samples.

(e) By September of 2006, the superintendent of public instruction shall develop informational materials for parents, teachers, and students regarding the collection of work samples and the status of its development as an alternative assessment method. The materials shall provide specific guidance regarding the type and number of work samples likely to be required, include examples of work that meets the state learning standards, and describe the scoring criteria and process for the collection. The materials shall also encourage students in the graduating class of 2008 to begin creating a collection if they believe they may seek to use the collection once it is implemented as an alternative assessment.

(6)(a) For students enrolled in a career and technical education program approved under RCW 28C.04.110 (as recodified by this act), the superintendent of public instruction shall develop additional guidelines for ~~((a))~~ collections of work samples that ~~((evidences that the collection:~~

~~(i) Is relevant to the student's particular career and technical program;~~

~~(ii) Focuses on the application of academic knowledge and skills within the program;~~

~~(iii) Includes completed activities or projects where demonstration of academic knowledge is inferred; and~~

~~(iv) Is related to the essential academic learning requirements and state standards that students must meet to earn a certificate of academic achievement or certificate of individual achievement, but also represents the knowledge and skills that successful individuals in the career and technical field of the approved program are expected to possess.~~

~~(b) To meet the state standard on the alternative assessment under this subsection (6), an applicant must also attain the state or nationally recognized certificate or credential associated with the approved career and technical program)) are tailored to different career and technical programs. The additional guidelines shall:~~

~~(i) Provide multiple examples of work samples that are related to the particular career and technical program;~~

~~(ii) Permit work samples based on completed activities or projects where demonstration of academic knowledge is inferred; and~~

~~(iii) Provide multiple examples of work samples drawn from career and technical courses.~~

~~(b) The purpose of the additional guidelines is to provide a clear pathway toward a certificate of academic achievement for career and technical students by showing them applied and relevant opportunities to demonstrate their knowledge and skills, and to provide guidance to teachers in integrating academic and career and technical instruction and assessment and assisting career and technical students in compiling a collection. The superintendent of public instruction shall develop and disseminate additional guidelines for no fewer than ten career and technical education programs representing a variety of program offerings by no later than September 1, 2008. Guidelines for ten additional programs shall be developed and disseminated no later than June 1, 2009.~~

~~(c) The superintendent shall consult with community and technical colleges, employers, the workforce training and education coordinating board, apprenticeship programs, and other regional and national experts in career and technical education to create ((an)) appropriate ((collection)) guidelines and examples of work samples and other evidence of a career and technical student's knowledge and skills on the state academic standards.~~

~~(7) The superintendent of public instruction shall study the feasibility of using existing mathematics assessments in languages other than English as an additional alternative assessment option. The study shall include an estimation of the cost of translating the tenth grade mathematics assessment into other languages and scoring the assessments should they be implemented.~~

~~(8) The superintendent of public instruction shall implement:~~

~~(a) By June 1, 2006, a process for students to appeal the score they received on the high school assessments; and~~

~~(b) By January 1, 2007, guidelines and appeal processes for waiving specific requirements in RCW 28A.655.061 pertaining to the certificate of academic achievement and to the certificate of individual achievement for students who: (i) Transfer to a Washington public school in their junior or senior year with the intent of obtaining a public high school diploma, or (ii) have special, unavoidable circumstances.~~

(9) The state board of education shall examine opportunities for additional alternative assessments, including the possible use of one or more standardized norm-referenced student achievement tests and the possible use of the reading, writing, or mathematics portions of the ACT ASSET and ACT COMPASS test instruments as objective alternative assessments for demonstrating that a student has met the state standards for the certificate of academic achievement. The state board shall submit its findings and recommendations to the education committees of the legislature by January 10, 2008.

(10) The superintendent of public instruction shall adopt rules to implement this section.

PART III EXPANDING ACCESS AND AWARENESS

NEW SECTION. Sec. 301. (1) Subject to funds appropriated for this purpose, the office of the superintendent of public instruction shall develop and conduct an ongoing campaign for career and technical education to increase awareness among teachers, counselors, students, parents, principals, school administrators, and the general public about the opportunities offered by rigorous career and technical education programs. Messages in the campaign shall emphasize career and technical education as a high quality educational pathway for students, including for students who seek advanced education that includes a bachelor's degree or beyond. In particular, the office shall provide information about the following:

(a) The model career and technical education programs of study developed under section 107 of this act;

(b) Career and technical education course equivalencies and dual credit for high school and college;

(c) The career and technical education alternative assessment guidelines under RCW 28A.655.065;

(d) The availability of scholarships for postsecondary workforce education, including the Washington award for vocational excellence, and apprenticeships through the opportunity grant program under RCW 28B.50.271, grants under section 302 of this act, and other programs; and

(e) Education, apprenticeship, and career opportunities in emerging and high-demand programs.

(2) The office shall use multiple strategies in the campaign depending on available funds, including developing an interactive web site to encourage and facilitate career exploration; conducting training and orientation for guidance counselors and teachers; and developing and disseminating printed materials.

(3) The office shall seek advice, participation, and financial assistance from the workforce training and education coordinating board, higher education institutions, foundations, employers, apprenticeship and training councils, workforce development councils, and business and labor organizations for the campaign.

NEW SECTION. Sec. 302. (1) Subject to funds appropriated for this purpose, the office of the superintendent of public instruction shall provide grants to eligible students to offset the costs of required examination or testing

fees associated with obtaining state or industry certification in the student's career and technical education program.

(2) The office shall establish maximum grant amounts and a process for students to apply for the grants.

(3) For the purposes of this section, "eligible student" means:

(a) A student enrolled in a secondary career and technical education program where state or industry certification can be obtained without additional postsecondary work or study; or

(b) A student who completed a secondary career and technical education program in a Washington public school and is seeking state or industry certification in a program requiring additional postsecondary work or study or where there are age limitations on certification.

(4) Eligible students must have a family income that is at or below two hundred percent of the federal poverty level using the most current guidelines available from the United States department of health and human services.

Sec. 303. RCW 28A.600.045 and 2006 c 117 s 2 are each amended to read as follows:

(1) The legislature encourages each middle school, junior high school, and high school to implement a comprehensive guidance and planning program for all students. The purpose of the program is to support students as they navigate their education and plan their future; encourage an ongoing and personal relationship between each student and an adult in the school; and involve parents in students' educational decisions and plans.

(2) A comprehensive guidance and planning program is a program that contains at least the following components:

(a) A curriculum intended to provide the skills and knowledge students need to select courses, explore options, plan for their future, and take steps to implement their plans. The curriculum may include such topics as analysis of students' test results; diagnostic assessments of students' academic strengths and weaknesses; use of assessment results in developing students' short-term and long-term plans; assessments of student interests and aptitude; goal-setting skills; planning for high school course selection; independent living skills; exploration of options and opportunities for career and technical education at the secondary and postsecondary level; exploration of career opportunities in emerging and high-demand programs including apprenticeships; and postsecondary options and how to access them;

(b) Regular meetings between each student and a teacher who serves as an advisor throughout the student's enrollment at the school;

(c) Student-led conferences with the student's parents, guardians, or family members and the student's advisor for the purpose of demonstrating the student's accomplishments; identifying weaknesses; planning and selecting courses; and setting long-term goals; and

(d) Data collection that allows schools to monitor students' progress.

(3) Subject to funds appropriated for this purpose, the office of the superintendent of public instruction shall provide support for comprehensive guidance and planning programs in public schools, including providing ongoing development and improvement of the curriculum described in subsection (2) of this section.

NEW SECTION. Sec. 304. A new section is added to chapter 28A.245 RCW to read as follows:

(1) Subject to the provisions of this section and section 305 of this act, a skill center may enter into an agreement with the community or technical college in which district the skill center is located to provide career and technical education courses necessary to complete an industry certificate or credential for students who have received a high school diploma.

(2) To qualify for enrollment under this section, a student must have been enrolled in the skill center before receiving the high school diploma and must remain continuously enrolled in the skill center. A student may enroll only in those courses necessary to complete the industry certificate or credential associated with the student's career and technical program.

(3) Students enrolled in a skill center under this section shall be considered community and technical college students for purposes of enrollment reporting, tuition, and financial aid. The skill center shall maintain enrollment data for students enrolled under this section separately from data on secondary school enrollment.

NEW SECTION. Sec. 305. A new section is added to chapter 28B.50 RCW to read as follows:

(1) A community or technical college may enter into an agreement with a skill center within the college district to allow students who have completed a high school diploma to remain enrolled in the skill center in courses necessary to complete an industry certificate or credential in the student's career and technical program as provided by section 304 of this act.

(2) Before entering an agreement, a community or technical college may require the skill center to provide evidence that:

(a) The skill center has adequate facilities and capacity to offer the necessary courses and the community or technical college does not have adequate facilities or capacity; or

(b) The community or technical college does not offer the particular industry certificate program or courses proposed by the skill center.

(3) Under the terms of the agreement, the community or technical college shall report the enrolled student as a state-supported student and may charge the student tuition and fees. The college shall transmit to the skill center an agreed-upon amount per enrolled full-time equivalent student to pay for the student's courses at the skill center.

Sec. 306. RCW 28B.102.040 and 2005 c 518 s 918 are each amended to read as follows:

(1) The board may select participants based on an application process conducted by the board or the board may utilize selection processes for similar students in cooperation with the professional educator standards board or the office of the superintendent of public instruction.

(2) If the board selects participants for the program, it shall establish a selection committee for screening and selecting recipients of the conditional scholarships. The criteria shall emphasize factors demonstrating excellence including but not limited to superior scholastic achievement, leadership ability, community contributions, bilingual ability, willingness to commit to providing teaching service in shortage areas, and an ability to act as a role model for

students. Priority will be given to individuals seeking certification or an additional endorsement in math, science, technology education, agricultural education, business and marketing education, family and consumer science education, or special education.

~~(For fiscal years 2006 and 2007, additional priority shall be given to such individuals who are also bilingual. It is the intent of the legislature to develop a pool of dual-language teachers in order to meet the challenge of educating students who are dominant in languages other than English.)~~

****NEW SECTION. Sec. 307. (1) Subject to funds appropriated for this purpose, the in-demand scholars program is created. The purpose of the program is to replicate a successful pilot program to attract high school students into high-demand fields, as identified under section 102 of this act, that require one to three years of postsecondary education, including apprenticeships. The program shall be administered by the workforce training and education coordinating board.***

(2) The workforce training and education coordinating board, in consultation with representatives from the statewide association of workforce development councils, the Washington state labor council, and a statewide business association, shall:

(a) Develop a model in-demand scholars program to be implemented by local workforce development councils. The model program shall be sufficiently flexible that councils may customize the design to meet the unique needs and available resources in each region. Under the model program, workforce development councils identify local industries in high-demand fields that are having difficulty filling employee positions that require one to three years of postsecondary education or apprenticeship. Representatives of such industries present the employment opportunities available in their industry to local high school students and inform students about possible job shadowing or internship opportunities in the industry. Students who participate in a job shadow or internship under a model program are eligible to receive an in-demand scholarship if the students enroll in a postsecondary education program or apprenticeship in one of the high-demand fields identified in the model program. Local workforce development councils award the scholarships. Scholarships shall not exceed an amount specified in the omnibus appropriations act and shall be used to offset tuition and related education and training expenses for a maximum of two years;

(b) Determine and make the initial allocation for the in-demand scholars program to each workforce development council, based on its projected outcomes and other criteria. Funding may be reallocated among workforce development councils if necessary based on actual results achieved; and

(c) Require that local workforce development councils submit quarterly reports on the in-demand scholars program, including but not limited to the industries participating and the projected and actual number of students served, students completing job shadows or internships, students entering and completing postsecondary education, students entering the targeted career, and students continuing on to four-year degrees or other additional education.

*Sec. 307 was vetoed. See message at end of chapter.

NEW SECTION. Sec. 308. (1) The office of the superintendent of public instruction shall conduct a feasibility study to create technical high schools in

Washington state. In conducting the study, the office shall convene an advisory committee including, but not limited to, representatives from school districts, high schools, skill centers, community and technical colleges, workforce development councils, the workforce training and education coordinating board, the Washington association for career and technical education, the Washington state apprenticeship and training council, and the state board for community and technical colleges. Subject to available funds, the office shall contract with a third party to support the study, including examining technical high school models in other states.

(2) The feasibility study shall examine and make recommendations on the following issues:

(a) The definition of a technical high school and how a technical high school might differ from current comprehensive high schools, alternative high schools, or skill centers;

(b) The governance structure for technical high schools, which may be within a single district, a cooperative of multiple districts, or other new governance structures that may be considered;

(c) Funding models and estimated costs to support technical high schools, including both operating and capital funds;

(d) Whether technical high schools should focus on particular student populations or be structured as magnet schools or academies with a particular programmatic focus;

(e) Whether technical high schools should operate with a two-year or four-year program or with part-time or full-time attendance;

(f) The implications of accountability for student achievement with a technical high school, including adequate yearly progress; and

(g) Options, strategies, and estimated costs for possible transition of selected current high schools or skill centers to a technical high school model.

(3) The office of the superintendent of public instruction shall submit an interim progress report to the governor and the education and fiscal committees of the legislature by December 1, 2008, and a final report with recommendations by September 15, 2009.

PART IV MISCELLANEOUS

Sec. 401. RCW 28A.505.220 and 2005 c 514 s 1103 are each amended to read as follows:

(1) Total distributions from the student achievement fund to each school district shall be based upon the average number of full-time equivalent students in the school district during the previous school year as reported to the office of the superintendent of public instruction by August 31st of the previous school year. The superintendent of public instruction shall ensure that moneys generated by skill center students are returned to skill centers.

(2) The allocation rate per full-time equivalent student shall be three hundred dollars in the 2005-06 school year, three hundred seventy-five dollars in the 2006-07 school year, and four hundred fifty dollars in the 2007-08 school year. For each subsequent school year, the amount allocated per full-time equivalent student shall be adjusted for inflation as defined in RCW

43.135.025(8). These allocations per full-time equivalent student from the student achievement fund shall be supported from the following sources:

(a) Distributions from state property tax proceeds deposited into the student achievement fund under RCW 84.52.068; and

(b) Distributions from the education legacy trust account created in RCW 83.100.230.

(3) Any funds deposited in the student achievement fund under RCW 43.135.045 shall be allocated to school districts on a one-time basis using a rate per full-time equivalent student. These funds are provided in addition to any amounts allocated in subsection (2) of this section.

(4) The school district annual amounts as defined in subsection (2) of this section shall be distributed on the monthly apportionment schedule as defined in RCW 28A.510.250.

Sec. 402. 2007 c 354 s 12 (uncodified) is amended to read as follows:

(1) The superintendent of public instruction and the workforce training and education coordinating board shall jointly convene and staff an advisory committee to identify career and technical education curricula that will assist in preparing students for the state assessment system and provide the opportunity to obtain a certificate of academic achievement.

(2) The advisory committee shall consist of the following nine members:

(a) Four members of the legislature, with two members each appointed by the respective caucuses of the house of representatives and the senate;

(b) One representative from the career and technical education section of the office of the superintendent of public instruction;

(c) One member appointed by the workforce training and education coordinating board; and

(d) Three members appointed by the superintendent of public instruction and the workforce training and education coordinating board based on recommendations from the career and technical education community.

(3) The advisory committee shall appoint a chair from among the nonlegislative members.

(4) Legislative members of the advisory committee shall be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(5) By January 15, 2008, the advisory committee shall provide an initial report to the governor and the legislature and, if necessary, a work plan with additional reporting deadlines(~~(, which shall not extend beyond December 15, 2008)~~). By December 2009, the advisory committee shall report to the governor and appropriate committees of the legislature with an evaluation of the status of the recommendations made in the initial report and any additional recommendations the advisory committee finds necessary to accomplish the goals of the initial report.

NEW SECTION. **Sec. 403.** RCW 28C.04.100 and 28C.04.110 are each recodified as sections in the new chapter created in section 408 of this act.

NEW SECTION. **Sec. 404.** RCW 28C.22.020 is recodified as a section in chapter 28A.245 RCW.

NEW SECTION. Sec. 405. The following acts or parts of acts are each repealed:

- (1) RCW 28C.22.005 (Findings) and 1993 c 380 s 1; and
- (2) RCW 28C.22.010 (Skill center program operation) and 1993 c 380 s 2.

NEW SECTION. Sec. 406. This chapter may be known and cited as the career and technical education act.

NEW SECTION. Sec. 407. Part headings used in this act are not any part of the law.

NEW SECTION. Sec. 408. Sections 102, 104, 105, 107, 201, 204, 301, 302, 307, and 406 of this act constitute a new chapter in Title 28A RCW.

NEW SECTION. Sec. 409. Section 401 of this act takes effect September 1, 2008.

NEW SECTION. Sec. 410. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the Senate March 10, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 26, 2008, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State March 26, 2008.

Note: Governor's explanation of partial veto is as follows:

"I am returning, without my approval as to Sections 204 and 307, Second Substitute Senate Bill 6377 entitled:

"AN ACT Relating to secondary career and technical education."

Section 204 provides for three-year grants to high schools and skills centers for implementing integrated work skills, basic skills and English skills programs. The Legislature did not allocate funding for Section 204 of this bill in either the supplemental operating budget or in Engrossed Second Substitute Senate Bill 6673, which specified the purposes of the appropriations for this legislation. Instead, the Legislature allocated funding in the supplemental operating budget for program development and plans for implementing integrated programs at five skills centers. I look forward to receiving the report on these efforts in November. This will guide future program development in this area.

Section 307 creates a new program, the In-Demand Scholars Program, to be administered by the Workforce Training and Education Board. The Legislature did not allocate funding for this new program in either the supplemental operating budget or in Engrossed Second Substitute Senate Bill 6673, which specified the purposes of the appropriations for this bill.

For these reasons, I have vetoed Sections 204 and 307 of Second Substitute Senate Bill 6377.

With the exception of Sections 204 and 307, Second Substitute Senate Bill 6377 is approved."

CHAPTER 171

[Senate Bill 6398]

COURT ACTIONS—TRUANCY—FINES

AN ACT Relating to fines levied in truancy court actions; and amending RCW 28A.225.090.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28A.225.090 and 2002 c 175 s 29 are each amended to read as follows:

(1) A court may order a child subject to a petition under RCW 28A.225.035 to do one or more of the following:

(a) Attend the child's current school, and set forth minimum attendance requirements, including suspensions;

(b) If there is space available and the program can provide educational services appropriate for the child, order the child to attend another public school, an alternative education program, center, a skill center, dropout prevention program, or another public educational program;

(c) Attend a private nonsectarian school or program including an education center. Before ordering a child to attend an approved or certified private nonsectarian school or program, the court shall: (i) Consider the public and private programs available; (ii) find that placement is in the best interest of the child; and (iii) find that the private school or program is willing to accept the child and will not charge any fees in addition to those established by contract with the student's school district. If the court orders the child to enroll in a private school or program, the child's school district shall contract with the school or program to provide educational services for the child. The school district shall not be required to contract for a weekly rate that exceeds the state general apportionment dollars calculated on a weekly basis generated by the child and received by the district. A school district shall not be required to enter into a contract that is longer than the remainder of the school year. A school district shall not be required to enter into or continue a contract if the child is no longer enrolled in the district;

(d) Be referred to a community truancy board, if available; or

(e) Submit to testing for the use of controlled substances or alcohol based on a determination that such testing is appropriate to the circumstances and behavior of the child and will facilitate the child's compliance with the mandatory attendance law and, if any test ordered under this subsection indicates the use of controlled substances or alcohol, order the minor to abstain from the unlawful consumption of controlled substances or alcohol and adhere to the recommendations of the drug assessment at no expense to the school.

(2) If the child fails to comply with the court order, the court may order the child to be subject to detention, as provided in RCW 7.21.030(2)(e), or may impose alternatives to detention such as community restitution. Failure by a child to comply with an order issued under this subsection shall not be subject to detention for a period greater than that permitted pursuant to a civil contempt proceeding against a child under chapter 13.32A RCW.

(3) Any parent violating any of the provisions of either RCW 28A.225.010, 28A.225.015, or 28A.225.080 shall be fined not more than twenty-five dollars for each day of unexcused absence from school. The court shall remit fifty percent of the fine collected under this section to the child's school district. It shall be a defense for a parent charged with violating RCW 28A.225.010 to show that he or she exercised reasonable diligence in attempting to cause a child in his or her custody to attend school or that the child's school did not perform its duties as required in RCW 28A.225.020. The court may order the parent to provide community restitution instead of imposing a fine. Any fine imposed pursuant to this section may be suspended upon the condition that a parent

charged with violating RCW 28A.225.010 shall participate with the school and the child in a supervised plan for the child's attendance at school or upon condition that the parent attend a conference or conferences scheduled by a school for the purpose of analyzing the causes of a child's absence.

(4) If a child continues to be truant after entering into a court-approved order with the truancy board under RCW 28A.225.035, the juvenile court shall find the child in contempt, and the court may order the child to be subject to detention, as provided in RCW 7.21.030(2)(e), or may impose alternatives to detention such as meaningful community restitution. Failure by a child to comply with an order issued under this subsection may not subject a child to detention for a period greater than that permitted under a civil contempt proceeding against a child under chapter 13.32A RCW.

(5) Subsections (1), (2), and (4) of this section shall not apply to a six or seven year-old child required to attend public school under RCW 28A.225.015.

Passed by the Senate February 15, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 172

[Senate Bill 6534]

MATHEMATICS STANDARDS—REVISION

AN ACT Relating to the revision of the mathematics standards; amending RCW 28A.305.215; creating a new section; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature intends that the revised mathematics standards by the office of the superintendent of public instruction will set higher expectations for Washington's students by fortifying content and increasing rigor; provide greater clarity, specificity, and measurability about what is expected of students in each grade; supply more explicit guidance to educators about what to teach and when; enhance the relevance of mathematics to students' lives; and ultimately result in more Washington students having the opportunity to be successful in mathematics. Additionally, the revised mathematics standards should restructure the standards to make clear the importance of all aspects of mathematics: Mathematics content including the standard algorithms, conceptual understanding of the content, and the application of mathematical processes within the content.

Sec. 2. RCW 28A.305.215 and 2007 c 396 s 1 are each amended to read as follows:

(1) The activities in this section revise and strengthen the state learning standards that implement the goals of RCW 28A.150.210, known as the essential academic learning requirements, and improve alignment of school district curriculum to the standards.

(2) The state board of education shall be assisted in its work under subsections (3), (4), and (5) of this section by: (a) An expert national consultant in each of mathematics and science retained by the state board; and (b) the mathematics and science advisory panels created under RCW 28A.305.219, as

appropriate, which shall provide review and formal comment on proposed recommendations to the superintendent of public instruction and the state board of education on new revised standards and curricula.

(3) By September 30, 2007, the state board of education shall recommend to the superintendent of public instruction revised essential academic learning requirements and grade level expectations in mathematics. The recommendations shall be based on:

(a) Considerations of clarity, rigor, content, depth, coherence from grade to grade, specificity, accessibility, and measurability;

(b) Study of:

(i) Standards used in countries whose students demonstrate high performance on the trends in international mathematics and science study and the programme for international student assessment;

(ii) College readiness standards;

(iii) The national council of teachers of mathematics focal points and the national assessment of educational progress content frameworks; and

(iv) Standards used by three to five other states, including California, and the nation of Singapore; and

(c) Consideration of information presented during public comment periods.

(4)(a) By ~~((January 31))~~ February 29, 2008, the superintendent of public instruction shall revise the essential academic learning requirements and the grade level expectations for mathematics and present the revised standards to the state board of education and the education committees of the senate and the house of representatives as required by RCW 28A.655.070(4). ~~((The superintendent shall adopt the revised essential academic learning requirements and grade level expectations unless otherwise directed by the legislature during the 2008 legislative session.))~~

(b) The state board of education shall direct an expert national consultant in mathematics to:

(i) Analyze the February 2008 version of the revised standards, including a comparison to exemplar standards previously reviewed under this section;

(ii) Recommend specific language and content changes needed to finalize the revised standards; and

(iii) Present findings and recommendations in a draft report to the state board of education.

(c) By May 15, 2008, the state board of education shall review the consultant's draft report, consult the mathematics advisory panel, hold a public hearing to receive comment, and direct any subsequent modifications to the consultant's report. After the modifications are made, the state board of education shall forward the final report and recommendations to the superintendent of public instruction for implementation.

(d) By July 1, 2008, the superintendent of public instruction shall revise the mathematics standards to conform precisely to and incorporate each of the recommendations of the state board of education under subsection (4)(c) of this section and submit the revisions to the state board of education.

(e) By July 31, 2008, the state board of education shall either approve adoption by the superintendent of public instruction of the final revised standards as the essential academic learning requirements and grade level expectations for mathematics, or develop a plan for ensuring that the

recommendations under subsection (4)(c) of this section are implemented so that final revised mathematics standards can be adopted by September 25, 2008.

(5) By June 30, 2008, the state board of education shall recommend to the superintendent of public instruction revised essential academic learning requirements and grade level expectations in science. The recommendations shall be based on:

(a) Considerations of clarity, rigor, content, depth, coherence from grade to grade, specificity, accessibility, and measurability;

(b) Study of standards used by three to five other states and in countries whose students demonstrate high performance on the trends in international mathematics and science study and the programme for international student assessment; and

(c) Consideration of information presented during public comment periods.

(6) By December 1, 2008, the superintendent of public instruction shall revise the essential academic learning requirements and the grade level expectations for science and present the revised standards to the state board of education and the education committees of the senate and the house of representatives as required by RCW 28A.655.070(4). The superintendent shall adopt the revised essential academic learning requirements and grade level expectations unless otherwise directed by the legislature during the 2009 legislative session.

(7)(a) By May 15, 2008, the superintendent of public instruction shall present to the state board of education recommendations for no more than three basic mathematics curricula each for elementary, middle, and high school grade spans.

(b) By June 30, 2008, the state board of education shall provide official comment and recommendations to the superintendent of public instruction regarding the recommended mathematics curricula. The superintendent of public instruction shall make any changes based on the comment and recommendations from the state board of education and adopt the recommended curricula.

(c) By May 15, 2009, the superintendent of public instruction shall present to the state board of education recommendations for no more than three basic science curricula each for elementary, middle, and high school grade spans.

(d) By June 30, 2009, the state board of education shall provide official comment and recommendations to the superintendent of public instruction regarding the recommended science curricula. The superintendent of public instruction shall make any changes based on the comment and recommendations from the state board of education and adopt the recommended curricula.

(e) In selecting the recommended curricula under this subsection (7), the superintendent of public instruction shall provide information to the mathematics and science advisory panels created under RCW 28A.305.219, as appropriate, and seek the advice of the appropriate panel regarding the curricula that shall be included in the recommendations.

(f) The recommended curricula under this subsection (7) shall align with the revised essential academic learning requirements and grade level expectations. In addition to the recommended basic curricula, appropriate diagnostic and supplemental materials shall be identified as necessary to support each curricula.

(g) Subject to funds appropriated for this purpose and availability of the curricula, at least one of the curricula in each grade span and in each of mathematics and science shall be available to schools and parents online at no cost to the school or parent.

(8) By December 1, 2007, the state board of education shall revise the high school graduation requirements under RCW 28A.230.090 to include a minimum of three credits of mathematics, one of which may be a career and technical course equivalent in mathematics, and prescribe the mathematics content in the three required credits.

(9) Nothing in this section requires a school district to use one of the recommended curricula under subsection (7) of this section. However, the statewide accountability plan adopted by the state board of education under RCW 28A.305.130 shall recommend conditions under which school districts should be required to use one of the recommended curricula. The plan shall also describe the conditions for exception to the curriculum requirement, such as the use of integrated academic and career and technical education curriculum. Required use of the recommended curricula as an intervention strategy must be authorized by the legislature as required by RCW 28A.305.130(4)(e) before implementation.

NEW SECTION. Sec. 3. 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.

Passed by the Senate March 11, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 173

[Substitute Senate Bill 6556]

SCHOOL POLICY GUIDELINES—ANAPHYLAXIS

AN ACT Relating to school anaphylactic policy guidelines; and adding a new section to chapter 28A.210 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 28A.210 RCW to read as follows:

(1) The office of the superintendent of public instruction, in consultation with the department of health, shall develop anaphylactic policy guidelines for schools to prevent anaphylaxis and deal with medical emergencies resulting from it. The policy guidelines shall be developed with input from pediatricians, school nurses, other health care providers, parents of children with life-threatening allergies, school administrators, teachers, and food service directors. The policy guidelines shall include, but need not be limited to:

(a) A procedure for each school to follow to develop a treatment plan including the responsibilities for school nurses and other appropriate school personnel responsible for responding to a student who may be experiencing anaphylaxis;

(b) The content of a training course for appropriate school personnel for preventing and responding to a student who may be experiencing anaphylaxis;

(c) A procedure for the development of an individualized emergency health care plan for children with food or other allergies that could result in anaphylaxis;

(d) A communication plan for the school to follow to gather and disseminate information on students with food or other allergies who may experience anaphylaxis;

(e) Strategies for reduction of the risk of exposure to anaphylactic causative agents including food and other allergens.

(2) For the purpose of this section "anaphylaxis" means a severe allergic and life-threatening reaction that is a collection of symptoms, which may include breathing difficulties and a drop in blood pressure or shock.

(3)(a) By October 15, 2008, the superintendent of public instruction shall report to the select interim legislative task force on comprehensive school health reform created in section 6, chapter 5, Laws of 2007, on the following:

(i) The implementation within school districts of the 2008 guidelines for care of students with life-threatening food allergies developed by the superintendent pursuant to section 501, chapter 522, Laws of 2007, including a review of policies developed by the school districts, the training provided to school personnel, and plans for follow-up monitoring of policy implementation; and

(ii) Recommendations on requirements for effectively implementing the school anaphylactic policy guidelines developed under this section.

(b) By March 31, 2009, the superintendent of public instruction shall report policy guidelines to the appropriate committees of the legislature and to school districts for the districts to use to develop and adopt their policies.

(4) By September 1, 2009, each school district shall use the guidelines developed under subsection (1) of this section to develop and adopt a school district policy for each school in the district to follow to assist schools to prevent anaphylaxis.

Passed by the Senate March 11, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 174

[Senate Bill 6588]

EDUCATION EMPLOYEES—TRANSFER OF ACCUMULATED LEAVE

AN ACT Relating to transfers of accumulated leave of common school and higher education employees; and amending RCW 28A.310.240 and 28A.400.300.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28A.310.240 and 1997 c 13 s 6 are each amended to read as follows:

(1) Every educational service district board shall adopt written policies granting leaves to persons under contracts of employment with the district in positions requiring either certification or classified qualifications, including but

not limited to leaves for attendance at official or private institutes and conferences and sabbatical leaves for employees in positions requiring certification qualification, and leaves for illness, injury, bereavement, and emergencies for both certificated and classified employees, with such compensation as the board prescribes. The board shall adopt written policies granting annual leave with compensation for illness, injury, and emergencies as follows:

(a) For persons under contract with the district for a full fiscal year, at least ten days;

(b) For persons under contract with the district as part-time employees, at least that portion of ten days as the total number of days contracted for bears to one hundred eighty days;

(c) For certificated and classified employees, annual leave with compensation for illness, injury, and emergencies shall be granted and accrue at a rate not to exceed twelve days per fiscal year. Provisions of any contract in force on July 23, 1989, which conflict with requirements of this subsection shall continue in effect until contract expiration; after expiration, any new contract executed between the parties shall be consistent with this subsection;

(d) Compensation for leave for illness or injury actually taken shall be the same as the compensation the person would have received had the person not taken the leave provided in this section;

(e) Leave provided in this section not taken shall accumulate from fiscal year to fiscal year up to a maximum of one hundred eighty days for the purposes of RCW 28A.310.490, and for leave purposes up to a maximum of the number of contract days agreed to in a given contract, but not greater than one fiscal year. Such accumulated time may be taken at any time during the fiscal year, or up to twelve days per year may be used for the purpose of payments for unused sick leave; and

(f) Accumulated leave under this section shall be transferred to educational service districts, school districts, ~~((and))~~ the office of the superintendent of public instruction, institutions of higher education, and community and technical colleges, and from any such district or office to another such district ~~((or))~~, office, institution of higher education, or community or technical college. An intervening customary summer break in employment or the performance of employment duties shall not preclude such a transfer.

(2) Leave accumulated by a person in a district prior to leaving the district may, under rules of the board, be granted to the person when the person returns to the employment of the district.

(3) Leave for illness or injury accumulated before July 23, 1989, under the administrative practices of an educational service district, and such leave transferred before July 23, 1989, to or from an educational service district, school district, or the office of the superintendent of public instruction under the administrative practices of the district or office, is declared valid and shall be added to such leave for illness or injury accumulated after July 23, 1989.

Sec. 2. RCW 28A.400.300 and 1997 c 13 s 10 are each amended to read as follows:

Every board of directors, unless otherwise specially provided by law, shall:

(1) Employ for not more than one year, and for sufficient cause discharge all certificated and classified employees;

(2) Adopt written policies granting leaves to persons under contracts of employment with the school district(s) in positions requiring either certification or classified qualifications, including but not limited to leaves for attendance at official or private institutes and conferences and sabbatical leaves for employees in positions requiring certification qualification, and leaves for illness, injury, bereavement and, emergencies for both certificated and classified employees, and with such compensation as the board of directors prescribe: PROVIDED, That the board of directors shall adopt written policies granting to such persons annual leave with compensation for illness, injury and emergencies as follows:

(a) For such persons under contract with the school district for a full year, at least ten days;

(b) For such persons under contract with the school district as part time employees, at least that portion of ten days as the total number of days contracted for bears to one hundred eighty days;

(c) For certificated and classified employees, annual leave with compensation for illness, injury, and emergencies shall be granted and accrue at a rate not to exceed twelve days per year; provisions of any contract in force on June 12, 1980, which conflict with requirements of this subsection shall continue in effect until contract expiration; after expiration, any new contract executed between the parties shall be consistent with this subsection;

(d) Compensation for leave for illness or injury actually taken shall be the same as the compensation such person would have received had such person not taken the leave provided in this proviso;

(e) Leave provided in this proviso not taken shall accumulate from year to year up to a maximum of one hundred eighty days for the purposes of RCW 28A.400.210 and 28A.400.220, and for leave purposes up to a maximum of the number of contract days agreed to in a given contract, but not greater than one year. Such accumulated time may be taken at any time during the school year or up to twelve days per year may be used for the purpose of payments for unused sick leave(-);

(f) Sick leave heretofore accumulated under section 1, chapter 195, Laws of 1959 (former RCW 28.58.430) and sick leave accumulated under administrative practice of school districts prior to the effective date of section 1, chapter 195, Laws of 1959 (former RCW 28.58.430) is hereby declared valid, and shall be added to leave for illness or injury accumulated under this proviso;

(g) Any leave for injury or illness accumulated up to a maximum of forty-five days shall be creditable as service rendered for the purpose of determining the time at which an employee is eligible to retire, if such leave is taken it may not be compensated under the provisions of RCW 28A.400.210 and 28A.310.490;

(h) Accumulated leave under this proviso shall be transferred to and from one district to another, the office of superintendent of public instruction (~~and~~), offices of educational service district superintendents and boards, institutions of higher education, and community and technical colleges, to and from such districts (~~and such~~), offices, institutions of higher education, and community and technical colleges;

(i) Leave accumulated by a person in a district prior to leaving said district may, under rules and regulations of the board, be granted to such person when the person returns to the employment of the district.

When any certificated or classified employee leaves one school district within the state and commences employment with another school district within the state, the employee shall retain the same seniority, leave benefits and other benefits that the employee had in his or her previous position: PROVIDED, That classified employees who transfer between districts after July 28, 1985, shall not retain any seniority rights other than longevity when leaving one school district and beginning employment with another. If the school district to which the person transfers has a different system for computing seniority, leave benefits, and other benefits, then the employee shall be granted the same seniority, leave benefits and other benefits as a person in that district who has similar occupational status and total years of service.

Passed by the Senate February 13, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 175

[Senate Bill 6657]

TEACHER CERTIFICATION—SALARY BONUSES

AN ACT Relating to salary bonuses for individuals certified by the national board for professional teaching standards; amending RCW 28A.405.415; and reenacting and amending RCW 41.32.010.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 41.32.010 and 2007 c 398 s 3 and 2007 c 50 s 1 are each reenacted and amended to read as follows:

As used in this chapter, unless a different meaning is plainly required by the context:

(1)(a) "Accumulated contributions" for plan 1 members, means the sum of all regular annuity contributions and, except for the purpose of withdrawal at the time of retirement, any amount paid under RCW 41.50.165(2) with regular interest thereon.

(b) "Accumulated contributions" for plan 2 members, means the sum of all contributions standing to the credit of a member in the member's individual account, including any amount paid under RCW 41.50.165(2), together with the regular interest thereon.

(2) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of such mortality tables and regulations as shall be adopted by the director and regular interest.

(3) "Annuity" means the moneys payable per year during life by reason of accumulated contributions of a member.

(4) "Member reserve" means the fund in which all of the accumulated contributions of members are held.

(5)(a) "Beneficiary" for plan 1 members, means any person in receipt of a retirement allowance or other benefit provided by this chapter.

(b) "Beneficiary" for plan 2 and plan 3 members, means any person in receipt of a retirement allowance or other benefit provided by this chapter resulting from service rendered to an employer by another person.

(6) "Contract" means any agreement for service and compensation between a member and an employer.

(7) "Creditable service" means membership service plus prior service for which credit is allowable. This subsection shall apply only to plan 1 members.

(8) "Dependent" means receiving one-half or more of support from a member.

(9) "Disability allowance" means monthly payments during disability. This subsection shall apply only to plan 1 members.

(10)(a) "Earnable compensation" for plan 1 members, means:

(i) All salaries and wages paid by an employer to an employee member of the retirement system for personal services rendered during a fiscal year. In all cases where compensation includes maintenance the employer shall fix the value of that part of the compensation not paid in money.

(ii) For an employee member of the retirement system teaching in an extended school year program, two consecutive extended school years, as defined by the employer school district, may be used as the annual period for determining earnable compensation in lieu of the two fiscal years.

(iii) "Earnable compensation" for plan 1 members also includes the following actual or imputed payments, which are not paid for personal services:

(A) Retroactive payments to an individual by an employer on reinstatement of the employee in a position, or payments by an employer to an individual in lieu of reinstatement in a position which are awarded or granted as the equivalent of the salary or wages which the individual would have earned during a payroll period shall be considered earnable compensation and the individual shall receive the equivalent service credit.

(B) If a leave of absence, without pay, is taken by a member for the purpose of serving as a member of the state legislature, and such member has served in the legislature five or more years, the salary which would have been received for the position from which the leave of absence was taken shall be considered as compensation earnable if the employee's contribution thereon is paid by the employee. In addition, where a member has been a member of the state legislature for five or more years, earnable compensation for the member's two highest compensated consecutive years of service shall include a sum not to exceed thirty-six hundred dollars for each of such two consecutive years, regardless of whether or not legislative service was rendered during those two years.

(iv) For members employed less than full time under written contract with a school district, or community college district, in an instructional position, for which the member receives service credit of less than one year in all of the years used to determine the earnable compensation used for computing benefits due under RCW 41.32.497, 41.32.498, and 41.32.520, the member may elect to have earnable compensation defined as provided in RCW 41.32.345. For the purposes of this subsection, the term "instructional position" means a position in which more than seventy-five percent of the member's time is spent as a classroom instructor (including office hours), a librarian, a psychologist, a social worker, a nurse, a physical therapist, an occupational therapist, a speech language pathologist or audiologist, or a counselor. Earnable compensation shall be so defined only for the purpose of the calculation of retirement benefits and only as necessary to insure that members who receive fractional service credit

under RCW 41.32.270 receive benefits proportional to those received by members who have received full-time service credit.

(v) "Earnable compensation" does not include:

(A) Remuneration for unused sick leave authorized under RCW 41.04.340, 28A.400.210, or 28A.310.490;

(B) Remuneration for unused annual leave in excess of thirty days as authorized by RCW 43.01.044 and 43.01.041(=

~~(C) Bonuses for certification from the national board for professional teaching standards authorized under RCW 28A.405.415).~~

(b) "Earnable compensation" for plan 2 and plan 3 members, means salaries or wages earned by a member during a payroll period for personal services, including overtime payments, and shall include wages and salaries deferred under provisions established pursuant to sections 403(b), 414(h), and 457 of the United States Internal Revenue Code, but shall exclude lump sum payments for deferred annual sick leave, unused accumulated vacation, unused accumulated annual leave, (~~bonuses for certification from the national board for professional teaching standards authorized under RCW 28A.405.415,)~~ or any form of severance pay.

"Earnable compensation" for plan 2 and plan 3 members also includes the following actual or imputed payments which, except in the case of (b)(ii)(B) of this subsection, are not paid for personal services:

(i) Retroactive payments to an individual by an employer on reinstatement of the employee in a position or payments by an employer to an individual in lieu of reinstatement in a position which are awarded or granted as the equivalent of the salary or wages which the individual would have earned during a payroll period shall be considered earnable compensation, to the extent provided above, and the individual shall receive the equivalent service credit.

(ii) In any year in which a member serves in the legislature the member shall have the option of having such member's earnable compensation be the greater of:

(A) The earnable compensation the member would have received had such member not served in the legislature; or

(B) Such member's actual earnable compensation received for teaching and legislative service combined. Any additional contributions to the retirement system required because compensation earnable under (b)(ii)(A) of this subsection is greater than compensation earnable under (b)(ii)(B) of this subsection shall be paid by the member for both member and employer contributions.

(11) "Employer" means the state of Washington, the school district, or any agency of the state of Washington by which the member is paid.

(12) "Fiscal year" means a year which begins July 1st and ends June 30th of the following year.

(13) "Former state fund" means the state retirement fund in operation for teachers under chapter 187, Laws of 1923, as amended.

(14) "Local fund" means any of the local retirement funds for teachers operated in any school district in accordance with the provisions of chapter 163, Laws of 1917 as amended.

(15) "Member" means any teacher included in the membership of the retirement system who has not been removed from membership under RCW

41.32.878 or 41.32.768. Also, any other employee of the public schools who, on July 1, 1947, had not elected to be exempt from membership and who, prior to that date, had by an authorized payroll deduction, contributed to the member reserve.

(16) "Membership service" means service rendered subsequent to the first day of eligibility of a person to membership in the retirement system: PROVIDED, That where a member is employed by two or more employers the individual shall receive no more than one service credit month during any calendar month in which multiple service is rendered. The provisions of this subsection shall apply only to plan 1 members.

(17) "Pension" means the moneys payable per year during life from the pension reserve.

(18) "Pension reserve" is a fund in which shall be accumulated an actuarial reserve adequate to meet present and future pension liabilities of the system and from which all pension obligations are to be paid.

(19) "Prior service" means service rendered prior to the first date of eligibility to membership in the retirement system for which credit is allowable. The provisions of this subsection shall apply only to plan 1 members.

(20) "Prior service contributions" means contributions made by a member to secure credit for prior service. The provisions of this subsection shall apply only to plan 1 members.

(21) "Public school" means any institution or activity operated by the state of Washington or any instrumentality or political subdivision thereof employing teachers, except the University of Washington and Washington State University.

(22) "Regular contributions" means the amounts required to be deducted from the compensation of a member and credited to the member's individual account in the member reserve. This subsection shall apply only to plan 1 members.

(23) "Regular interest" means such rate as the director may determine.

(24)(a) "Retirement allowance" for plan 1 members, means monthly payments based on the sum of annuity and pension, or any optional benefits payable in lieu thereof.

(b) "Retirement allowance" for plan 2 and plan 3 members, means monthly payments to a retiree or beneficiary as provided in this chapter.

(25) "Retirement system" means the Washington state teachers' retirement system.

(26)(a) "Service" for plan 1 members means the time during which a member has been employed by an employer for compensation.

(i) If a member is employed by two or more employers the individual shall receive no more than one service credit month during any calendar month in which multiple service is rendered.

(ii) As authorized by RCW 28A.400.300, up to forty-five days of sick leave may be creditable as service solely for the purpose of determining eligibility to retire under RCW 41.32.470.

(iii) As authorized in RCW 41.32.065, service earned in an out-of-state retirement system that covers teachers in public schools may be applied solely for the purpose of determining eligibility to retire under RCW 41.32.470.

(b) "Service" for plan 2 and plan 3 members, means periods of employment by a member for one or more employers for which earnable compensation is earned subject to the following conditions:

(i) A member employed in an eligible position or as a substitute shall receive one service credit month for each month of September through August of the following year if he or she earns earnable compensation for eight hundred ten or more hours during that period and is employed during nine of those months, except that a member may not receive credit for any period prior to the member's employment in an eligible position except as provided in RCW 41.32.812 and 41.50.132;

(ii) If a member is employed either in an eligible position or as a substitute teacher for nine months of the twelve month period between September through August of the following year but earns earnable compensation for less than eight hundred ten hours but for at least six hundred thirty hours, he or she will receive one-half of a service credit month for each month of the twelve month period;

(iii) All other members in an eligible position or as a substitute teacher shall receive service credit as follows:

(A) A service credit month is earned in those calendar months where earnable compensation is earned for ninety or more hours;

(B) A half-service credit month is earned in those calendar months where earnable compensation is earned for at least seventy hours but less than ninety hours; and

(C) A quarter-service credit month is earned in those calendar months where earnable compensation is earned for less than seventy hours.

(iv) Any person who is a member of the teachers' retirement system and who is elected or appointed to a state elective position may continue to be a member of the retirement system and continue to receive a service credit month for each of the months in a state elective position by making the required member contributions.

(v) When an individual is employed by two or more employers the individual shall only receive one month's service credit during any calendar month in which multiple service for ninety or more hours is rendered.

(vi) As authorized by RCW 28A.400.300, up to forty-five days of sick leave may be creditable as service solely for the purpose of determining eligibility to retire under RCW 41.32.470. For purposes of plan 2 and plan 3 "forty-five days" as used in RCW 28A.400.300 is equal to two service credit months. Use of less than forty-five days of sick leave is creditable as allowed under this subsection as follows:

(A) Less than eleven days equals one-quarter service credit month;

(B) Eleven or more days but less than twenty-two days equals one-half service credit month;

(C) Twenty-two days equals one service credit month;

(D) More than twenty-two days but less than thirty-three days equals one and one-quarter service credit month;

(E) Thirty-three or more days but less than forty-five days equals one and one-half service credit month.

(vii) As authorized in RCW 41.32.065, service earned in an out-of-state retirement system that covers teachers in public schools may be applied solely for the purpose of determining eligibility to retire under RCW 41.32.470.

(viii) The department shall adopt rules implementing this subsection.

(27) "Service credit year" means an accumulation of months of service credit which is equal to one when divided by twelve.

(28) "Service credit month" means a full service credit month or an accumulation of partial service credit months that are equal to one.

(29) "Teacher" means any person qualified to teach who is engaged by a public school in an instructional, administrative, or supervisory capacity. The term includes state, educational service district, and school district superintendents and their assistants and all employees certificated by the superintendent of public instruction; and in addition thereto any full time school doctor who is employed by a public school and renders service of an instructional or educational nature.

(30) "Average final compensation" for plan 2 and plan 3 members, means the member's average earnable compensation of the highest consecutive sixty service credit months prior to such member's retirement, termination, or death. Periods constituting authorized leaves of absence may not be used in the calculation of average final compensation except under RCW 41.32.810(2).

(31) "Retiree" means any person who has begun accruing a retirement allowance or other benefit provided by this chapter resulting from service rendered to an employer while a member.

(32) "Department" means the department of retirement systems created in chapter 41.50 RCW.

(33) "Director" means the director of the department.

(34) "State elective position" means any position held by any person elected or appointed to statewide office or elected or appointed as a member of the legislature.

(35) "State actuary" or "actuary" means the person appointed pursuant to RCW 44.44.010(2).

(36) "Substitute teacher" means:

(a) A teacher who is hired by an employer to work as a temporary teacher, except for teachers who are annual contract employees of an employer and are guaranteed a minimum number of hours; or

(b) Teachers who either (i) work in ineligible positions for more than one employer or (ii) work in an ineligible position or positions together with an eligible position.

(37)(a) "Eligible position" for plan 2 members from June 7, 1990, through September 1, 1991, means a position which normally requires two or more uninterrupted months of creditable service during September through August of the following year.

(b) "Eligible position" for plan 2 and plan 3 on and after September 1, 1991, means a position that, as defined by the employer, normally requires five or more months of at least seventy hours of earnable compensation during September through August of the following year.

(c) For purposes of this chapter an employer shall not define "position" in such a manner that an employee's monthly work for that employer is divided into more than one position.

(d) The elected position of the superintendent of public instruction is an eligible position.

(38) "Plan 1" means the teachers' retirement system, plan 1 providing the benefits and funding provisions covering persons who first became members of the system prior to October 1, 1977.

(39) "Plan 2" means the teachers' retirement system, plan 2 providing the benefits and funding provisions covering persons who first became members of the system on and after October 1, 1977, and prior to July 1, 1996.

(40) "Plan 3" means the teachers' retirement system, plan 3 providing the benefits and funding provisions covering persons who first become members of the system on and after July 1, 1996, or who transfer under RCW 41.32.817.

(41) "Index" means, for any calendar year, that year's annual average consumer price index, Seattle, Washington area, for urban wage earners and clerical workers, all items compiled by the bureau of labor statistics, United States department of labor.

(42) "Index A" means the index for the year prior to the determination of a postretirement adjustment.

(43) "Index B" means the index for the year prior to index A.

(44) "Index year" means the earliest calendar year in which the index is more than sixty percent of index A.

(45) "Adjustment ratio" means the value of index A divided by index B.

(46) "Annual increase" means, initially, fifty-nine cents per month per year of service which amount shall be increased each July 1st by three percent, rounded to the nearest cent.

(47) "Member account" or "member's account" for purposes of plan 3 means the sum of the contributions and earnings on behalf of the member in the defined contribution portion of plan 3.

(48) "Separation from service or employment" occurs when a person has terminated all employment with an employer. Separation from service or employment does not occur, and if claimed by an employer or employee may be a violation of RCW 41.32.055, when an employee and employer have a written or oral agreement to resume employment with the same employer following termination. Mere expressions or inquiries about postretirement employment by an employer or employee that do not constitute a commitment to reemploy the employee after retirement are not an agreement under this section.

(49) "Employed" or "employee" means a person who is providing services for compensation to an employer, unless the person is free from the employer's direction and control over the performance of work. The department shall adopt rules and interpret this subsection consistent with common law.

Sec. 2. RCW 28A.405.415 and 2007 c 398 s 2 are each amended to read as follows:

(1) Certificated instructional staff who have attained certification from the national board for professional teaching standards shall receive a bonus each year in which they maintain the certification. The bonus shall be calculated as follows: The annual bonus shall be five thousand dollars in the 2007-08 school year. Thereafter, the annual bonus shall increase by inflation.

(2) Certificated instructional staff who have attained certification from the national board for professional teaching standards shall be eligible for bonuses in addition to that provided by subsection (1) of this section if the individual is in an instructional assignment in a school in which at least seventy percent of the students qualify for the free and reduced-price lunch program.

(3) The amount of the additional bonus under subsection (2) of this section for those meeting the qualifications of subsection (2) of this section is five thousand dollars.

(4) The bonuses provided under this section are in addition to compensation received under a district's salary schedule adopted in accordance with RCW 28A.405.200 and shall not be included in calculations of a district's average salary and associated salary limitations under RCW 28A.400.200.

(5) The bonuses provided under this section shall be paid in a lump sum amount ~~((and shall not be included in the definition of "earnable compensation" under RCW 41.32.010(10)))~~.

Passed by the Senate March 12, 2008.

Passed by the House March 12, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 176

[Substitute Senate Bill 6726]

PROFESSIONAL TEACHING CERTIFICATE—ASSESSMENT

AN ACT Relating to the professional educator standards board establishing a professional-level certification assessment; and amending RCW 28A.410.210 and 28A.410.220.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28A.410.210 and 2005 c 497 s 201 are each amended to read as follows:

The purpose of the professional educator standards board is to establish policies and requirements for the preparation and certification of educators that provide standards for competency in professional knowledge and practice in the areas of certification; a foundation of skills, knowledge, and attitudes necessary to help students with diverse needs, abilities, cultural experiences, and learning styles meet or exceed the learning goals outlined in RCW 28A.150.210; knowledge of research-based practice; and professional development throughout a career. The Washington professional educator standards board shall:

(1) Establish policies and practices for the approval of programs of courses, requirements, and other activities leading to educator certification including teacher, school administrator, and educational staff associate certification;

(2) Establish policies and practices for the approval of the character of work required to be performed as a condition of entrance to and graduation from any educator preparation program including teacher, school administrator, and educational staff associate preparation program as provided in subsection (1) of this section;

(3) Establish a list of accredited institutions of higher education of this and other states whose graduates may be awarded educator certificates as teacher, school administrator, and educational staff associate and establish criteria and enter into agreements with other states to acquire reciprocal approval of educator preparation programs and certification, including teacher certification from the national board for professional teaching standards;

(4) Establish policies for approval of nontraditional educator preparation programs;

(5) Conduct a review of educator program approval standards at least every five years, beginning in 2006, to reflect research findings and assure continued improvement of preparation programs for teachers, administrators, and school specialized personnel;

(6) Specify the types and kinds of educator certificates to be issued and conditions for certification in accordance with subsection (1) of this section and RCW 28A.410.010;

(7) Hear and determine educator certification appeals as provided by RCW 28A.410.100;

(8) Apply for and receive federal or other funds on behalf of the state for purposes related to the duties of the board;

(9) Adopt rules under chapter 34.05 RCW that are necessary for the effective and efficient implementation of this chapter;

(10) Maintain data concerning educator preparation programs and their quality, educator certification, educator employment trends and needs, and other data deemed relevant by the board;

(11) Serve as an advisory body to the superintendent of public instruction on issues related to educator recruitment, hiring, mentoring and support, professional growth, retention, educator evaluation including but not limited to peer evaluation, and revocation and suspension of licensure;

(12) Submit, by October 15th of each even-numbered year, a joint report with the state board of education to the legislative education committees, the governor, and the superintendent of public instruction. The report shall address the progress the boards have made and the obstacles they have encountered, individually and collectively, in the work of achieving the goals set out in RCW 28A.150.210;

(13) Establish the prospective teacher assessment system for basic skills and subject knowledge that shall be required to obtain residency certification pursuant to RCW 28A.410.220 through 28A.410.240; ~~(and)~~

(14) By January 2010, set performance standards and develop, pilot, and implement a uniform and externally administered professional-level certification assessment based on demonstrated teaching skill. In the development of this assessment, consideration shall be given to changes in professional certification program components such as the culminating seminar; and

~~(15)~~ Conduct meetings under the provisions of chapter 42.30 RCW.

Sec. 2. RCW 28A.410.220 and 2002 c 92 s 2 are each amended to read as follows:

(1)(a) Beginning not later than September 1, 2001, the Washington professional educator standards board shall make available and pilot a means of assessing an applicant's knowledge in the basic skills. For the purposes of this section, "basic skills" means the subjects of at least reading, writing, and mathematics. Beginning September 1, 2002, except as provided in (c) of this subsection and subsection ~~((3))~~ (4) of this section, passing this assessment shall be required for admission to approved teacher preparation programs and for persons from out-of-state applying for a Washington state residency teaching certificate.

(b) On an individual student basis, approved teacher preparation programs may admit into their programs a candidate who has not achieved the minimum basic skills assessment score established by the Washington professional

educator standards board. Individuals so admitted may not receive residency certification without passing the basic skills assessment under this section.

(c) The Washington professional educator standards board may establish criteria to ensure that persons from out-of-state who are applying for residency certification and persons applying to master's degree level teacher preparation programs can demonstrate to the board's satisfaction that they have the requisite basic skills based upon having completed another basic skills assessment acceptable to the Washington professional educator standards board or by some other alternative approved by the Washington professional educator standards board.

(2) The professional educator standards board shall set performance standards and develop, pilot, and implement a uniform and externally administered professional-level certification assessment based on demonstrated teaching skill. In the development of this assessment, consideration shall be given to changes in professional certification program components such as the culminating seminar.

(3) Beginning not later than September 1, 2002, the Washington professional educator standards board shall provide for the initial piloting and implementation of a means of assessing an applicant's knowledge in the subjects for which the applicant has applied for an endorsement to his or her residency or professional teaching certificate. The assessment of subject knowledge shall not include instructional methodology. Beginning September 1, 2005, passing this assessment shall be required to receive an endorsement for certification purposes.

~~((3))~~ (4) The Washington professional educator standards board may permit exceptions from the assessment requirements under subsections (1) ~~((and))~~, (2), and (3) of this section on a case-by-case basis.

~~((4))~~ (5) The Washington professional educator standards board shall provide for reasonable accommodations for individuals who are required to take the assessments in subsection (1) ~~((or))~~, (2), or (3) of this section if the individuals have learning or other disabilities.

~~((5))~~ (6) With the exception of applicants exempt from the requirements of subsections (1) ~~((and))~~, (2), and (3) of this section, an applicant must achieve a minimum assessment score or scores established by the Washington professional educator standards board on each of the assessments under subsections (1) ~~((and))~~, (2), and (3) of this section.

~~((6))~~ (7) The Washington professional educator standards board and superintendent of public instruction, as determined by the Washington professional educator standards board, may contract with one or more third parties for:

(a) The development, purchase, administration, scoring, and reporting of scores of the assessments established by the Washington professional educator standards board under subsections (1) ~~((and))~~, (2), and (3) of this section;

(b) Related clerical and administrative activities; or

(c) Any combination of the purposes in this subsection.

~~((7))~~ (8) Applicants for admission to a Washington teacher preparation program and applicants for residency and professional certificates who are required to successfully complete one or more of the assessments under subsections (1) ~~((and))~~, (2), and (3) of this section, and who are charged a fee for

the assessment by a third party contracted with under subsection ~~((6))~~ (7) of this section, shall pay the fee charged by the contractor directly to the contractor. Such fees shall be reasonably related to the actual costs of the contractor in providing the assessment.

~~((8))~~ (9) The superintendent of public instruction is responsible for supervision and providing support services to administer this section.

~~((9))~~ (10) The Washington professional educator standards board shall collaboratively select or develop and implement the assessments and minimum assessment scores required under this section with the superintendent of public instruction and shall provide opportunities for representatives of other interested educational organizations to participate in the selection or development and implementation of such assessments in a manner deemed appropriate by the Washington professional educator standards board.

~~((10))~~ (11) The Washington professional educator standards board shall adopt rules under chapter 34.05 RCW that are reasonably necessary for the effective and efficient implementation of this section.

Passed by the Senate February 13, 2008.

Passed by the House March 7, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 177

[Substitute Senate Bill 6879]

JOINT TASK FORCE ON BASIC EDUCATION FINANCE

AN ACT Relating to the joint task force on basic education finance; and amending 2007 c 399 s 2 (uncodified).

Be it enacted by the Legislature of the State of Washington:

Sec. 1. 2007 c 399 s 2 (uncodified) is amended to read as follows:

(1) The joint task force on basic education finance established under this section, with research support from the Washington state institute for public policy, shall review the definition of basic education and all current basic education funding formulas, develop options for a new funding structure and all necessary formulas, and propose a new definition of basic education that is realigned with the new expectations of the state's education system as established in the November 2006 final report of the Washington learns steering committee and the basic education provisions established in chapter 28A.150 RCW. In light of recent court decisions, the task force shall specifically consider issues related to equalizing school employee salary allocations among school districts. By December 1, 2008, the task force shall report to the appropriate committees of the legislature on all of the information required under this subsection.

(2) The joint task force on basic education finance shall consist of fourteen members:

(a) A chair of the task force with experience with Washington finance issues including knowledge of the K-12 funding formulas, appointed by the governor;

(b) Eight legislators, with two members from each of the two largest caucuses of the senate appointed by the president of the senate and two members

from each of the two largest caucuses of the house of representatives appointed by the speaker of the house of representatives;

(c) A representative of the governor's office or the office of financial management, designated by the governor;

(d) The superintendent of public instruction or the superintendent's designee; and

(e) Three individuals with significant experience with Washington K-12 finance issues, including the use and application of the current basic education funding formulas, appointed by the governor. Each of the two largest caucuses of the house of representatives and the senate may submit names to the governor for consideration.

(3) In conducting research directed by the task force and developing options for consideration by the task force, the Washington state institute for public policy shall consult with stakeholders and experts in the field. The institute may also request assistance from the legislative evaluation and accountability program committee, the office of the superintendent of public instruction, the office of financial management, the house office of program research, and senate committee services.

(4) In developing recommendations, the joint task force shall review and build upon the following:

(a) Reports related to K-12 finance produced at the request of or as a result of the Washington learns study, including reports completed for or by the K-12 advisory committee;

(b) High-quality studies that are available; and

(c) Research and evaluation of the cost-benefits of various K-12 programs and services developed by the institute as directed by the legislature in section 607(15), chapter 372, Laws of 2006.

(5) The Washington state institute for public policy shall provide the following reports to the joint task force:

(a) An initial report by September 15, 2007, proposing an initial plan of action, reporting dates, timelines for fulfilling the requirements of section 3 (~~of this act~~), chapter 399, Laws of 2007, and an initial timeline for a phased-in implementation of a new funding system that does not exceed six years;

(b) A second report by December 1, 2007, including implementing legislation as necessary, for at least two but no more than four options for allocating school employee compensation. One of the options must be a redirection and prioritization within existing resources based on research-proven education programs. The report must also include a projection of the expected effect of the investment made under the new funding structure. The second report shall also include a finalized timeline and plan for addressing the remaining components of a new funding system; and

(c) A final report with at least two but no more than four options for revising the remaining K-12 funding structure, including implementing legislation as necessary, and a timeline for phasing in full adoption of the new funding structure. The final report shall be submitted to the joint task force by September 15, 2008. One of the options must be a redirection and prioritization within existing resources based on research-proven education programs. The final report must also include a projection of the expected effect of the investment made under the new funding structure.

Passed by the Senate February 13, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 178

[Senate Bill 6941]

WASTE REDUCTION AND RECYCLING AWARDS PROGRAM—K-12 SCHOOLS

AN ACT Relating to a waste reduction and recycling awards program in K-12 schools; and amending RCW 70.95C.120.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 70.95C.120 and 1991 c 319 s 114 are each amended to read as follows:

The office of waste reduction shall develop, in consultation with the superintendent of public instruction, an awards program to achieve waste reduction and recycling in ~~((the))~~ public schools, and to encourage waste reduction and recycling in private schools, grades kindergarten through high school. The office shall develop guidelines for program development and implementation. Each public school shall, and each private school may, implement a waste reduction and recycling program conforming to guidelines developed by the office.

For the purpose of granting awards, the office may group all participating schools into not more than three classes, based upon student population, distance to markets for recyclable materials, and other criteria, as deemed appropriate by the office. Except as otherwise provided, five or more awards ~~((shall))~~ may be granted to each of the three classes. Each award shall be ~~((a sum of not less than two thousand dollars nor))~~ no more than five thousand dollars. Awards shall be granted each year to the schools that achieve the greatest levels of waste reduction and recycling. A single award of not less than five thousand dollars ~~((shall))~~ may be presented to the school having the best recycling program as measured by the total amount of materials recycled, including materials generated outside of the school. A single award of not less than five thousand dollars ~~((shall))~~ may be presented to the school having the best waste reduction program as determined by the office.

The superintendent of public instruction shall distribute guidelines and other materials developed by the office to implement programs to reduce and recycle waste generated in administrative offices, classrooms, laboratories, cafeterias, and maintenance operations.

Passed by the Senate March 10, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 26, 2008.

Filed in Office of Secretary of State March 26, 2008.

CHAPTER 179

[Substitute House Bill 3374]

GENERAL OBLIGATION BONDS—FLOOD MITIGATION AND SCHOOL FACILITIES

AN ACT Relating to state general obligation bonds for flood hazard mitigation projects and school facilities; amending RCW 39.42.060 and 28A.245.030; adding a new chapter to Title 43 RCW; adding a new chapter to Title 28A RCW; creating a new section; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

PART 1

NEW SECTION. Sec. 101. For the purpose of providing state funds for federally matched flood hazard mitigation and other projects throughout the Chehalis river basin, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of fifty million dollars, or as much thereof as may be required, to finance the projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

NEW SECTION. Sec. 102. The proceeds from the sale of the bonds authorized in section 101 of this act shall be deposited in the state building construction account created by RCW 43.83.020. If the state finance committee deems it necessary to issue taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds, the proceeds of such taxable bonds shall be transferred to the state taxable building construction account in lieu of any deposits otherwise provided by this section. The state treasurer shall submit written notice to the director of financial management if it is determined that any such transfer to the state taxable building construction account is necessary. Moneys in the account may be spent only after appropriation. These proceeds shall be used exclusively for the purposes specified in section 101 of this act and for the payment of expenses incurred in the issuance and sale of the bonds. These proceeds shall be administered by the office of financial management subject to legislative appropriation.

NEW SECTION. Sec. 103. (1) The debt-limit general fund bond retirement account shall be used for the payment of the principal of and interest on the bonds authorized in section 101 of this act.

(2) The state finance committee shall, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing twelve months to meet the bond retirement and interest requirements. On each date on which any interest or principal and interest payment is due the state treasurer shall withdraw from any general state revenues received in the state treasury and deposit in the debt-limit general fund bond retirement account an amount equal to the amount certified by the state finance committee to be due on the payment date.

NEW SECTION. Sec. 104. (1) Bonds issued under section 101 of this act shall state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof

and the interest thereon, and shall contain an unconditional promise to pay the principal and interest as the same shall become due.

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

NEW SECTION. Sec. 105. The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 101 of this act, and section 103 of this act shall not be deemed to provide an exclusive method for the payment.

NEW SECTION. Sec. 106. The bonds authorized in section 101 of this act shall be a legal investment for all state funds or funds under state control and for all funds of any other public body.

PART 2

NEW SECTION. Sec. 201. The legislature finds that the state's public schools and skill centers are a vital component of the future economic prosperity of our state and provide students with access to high-quality academic and technical skills instruction. Skill centers challenge, motivate, and provide opportunities for students to achieve in basic skills, critical thinking, leadership, and work skills through hands-on education, applied academics, and technology training using a cost-effective delivery model. The legislature further finds that barriers to access exist for students in rural and high-density areas, but the development of satellite and branch campus programs will provide the needed access. The legislature further finds that existing and proposed new skill centers will require facilities and equipment that simulate business and industry. Therefore, it is the intent of the legislature to provide a new source of funding for the critical capital needs of the state's skill centers to enhance access to career and technical education opportunities and to improve the condition of existing facilities. Enhanced capital funding will provide skill centers the ability to fulfill their critical role in maintaining and stimulating the state's economy and expanding quality academic and career and technical education opportunities to more students, especially students who lack access to these programs to date.

In the interest of funding equity and ensuring a commitment to the new development, major renovation, or expansion of skill centers, all school district partners must contribute to the acquisition or major capital costs of skill center projects supported by this act to the greatest extent feasible.

NEW SECTION. Sec. 202. For the purpose of providing school construction assistance grants and needed capital improvements consisting of the predesign, design, acquisition, construction, modification, renovation, expansion, equipping, and other improvements of skill centers facilities, including capital improvements to support satellite or branch campus programs for underserved rural areas or high-density areas, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of one hundred million dollars, or as much thereof as may be required, to finance all or a part of these projects and all costs incidental thereto. Bonds authorized in this section may be sold at such price as the state finance committee shall determine. No bonds authorized in this section may be offered

for sale without prior legislative appropriation of the net proceeds of the sale of the bonds. If the state finance committee deems it necessary to issue taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds, the proceeds of such taxable bonds shall be transferred to the state taxable building construction account in lieu of any deposits otherwise provided by this section. The state treasurer shall submit written notice to the director of financial management if it is determined that any such transfer to the state taxable building construction account is necessary.

NEW SECTION. Sec. 203. This chapter is not intended to limit the legislature's ability to appropriate bond proceeds if the full amount authorized in this chapter has not been appropriated after one biennia, and the authorization to issue bonds contained in this chapter does not expire until the full authorization has been appropriated and issued.

NEW SECTION. Sec. 204. (1) The proceeds from the sale of the bonds authorized in section 202 of this act shall be deposited in the school construction and skill centers building account created in section 210 of this act.

(2) The proceeds shall be used exclusively for the purposes stated in section 202 of this act and for the payment of the expenses incurred in connection with the sale and issuance of the bonds.

NEW SECTION. Sec. 205. (1) The nondebt-limit reimbursable bond retirement account must be used for the payment of the principal and interest on the bonds authorized in section 202 of this act.

(2)(a) The state finance committee must, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing twelve months to meet the bond retirement and interest requirements on the bonds authorized in section 202 of this act.

(b) On or before the date on which any interest or principal and interest is due, the state treasurer shall transfer from that portion of the common school construction fund derived from the interest on the permanent common school fund into the nondebt-limit reimbursable bond retirement account the amount computed in (a) of this subsection for bonds issued for the purposes of section 202 of this act. Any deficiency in such transfer shall be made up as soon as moneys are available for transfer and shall constitute a continuing obligation of that portion of the common school construction fund derived from the interest on the permanent common school fund until all deficiencies are fully paid.

NEW SECTION. Sec. 206. (1) Bonds issued under section 202 of this act shall state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay the principal and interest as the same shall become due.

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

NEW SECTION. Sec. 207. The bonds authorized in section 202 of this act shall be a legal investment for all state funds or funds under state control and for all funds of any other public body.

NEW SECTION. **Sec. 208.** The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 202 of this act, and section 202 of this act shall not be deemed to provide an exclusive method for the payment.

NEW SECTION. **Sec. 209.** This chapter provides a complete, additional, and alternative method for accomplishing the purposes of this chapter and is supplemental and additional to powers conferred by other laws. The issuance of bonds under this chapter shall not be deemed to be the only method to fund projects under this chapter.

NEW SECTION. **Sec. 210.** The school construction and skill centers building account is created in the state treasury. Proceeds from the bonds issued under section 202 of this act shall be deposited in the account. The account shall be used for purposes stated in section 202 of this act. Moneys in the account may be spent only after appropriation.

PART 3

Sec. 301. RCW 39.42.060 and 2003 c 147 s 13 are each amended to read as follows:

No bonds, notes, or other evidences of indebtedness for borrowed money shall be issued by the state which will cause the aggregate debt contracted by the state to exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than seven percent of the arithmetic mean of its general state revenues, as defined in RCW 39.42.070, for the three immediately preceding fiscal years as certified by the treasurer in accordance with RCW 39.42.070. It shall be the duty of the state finance committee to compute annually the amount required to pay principal of and interest on outstanding debt. In making such computation, the state finance committee shall include all borrowed money represented by bonds, notes, or other evidences of indebtedness which are secured by the full faith and credit of the state or are required to be paid, directly or indirectly, from general state revenues and which are incurred by the state, any department, authority, public corporation or quasi public corporation of the state, any state university or college, or any other public agency created by the state but not by counties, cities, towns, school districts, or other municipal corporations, and shall include debt incurred pursuant to section 3 of Article VIII of the Washington state Constitution, but shall exclude the following:

- (1) Obligations for the payment of current expenses of state government;
- (2) Indebtedness incurred pursuant to RCW 39.42.080 or 39.42.090;
- (3) Principal of and interest on bond anticipation notes;
- (4) Any indebtedness which has been refunded;
- (5) Financing contracts entered into under chapter 39.94 RCW;
- (6) Indebtedness authorized or incurred before July 1, 1993, pursuant to statute which requires that the state treasury be reimbursed, in the amount of the principal of and the interest on such indebtedness, from money other than general state revenues or from the special excise tax imposed pursuant to chapter 67.40 RCW;
- (7) Indebtedness authorized and incurred after July 1, 1993, pursuant to statute that requires that the state treasury be reimbursed, in the amount of the

principal of and the interest on such indebtedness, from (a) moneys outside the state treasury, except higher education operating fees, (b) higher education building fees, (c) indirect costs recovered from federal grants and contracts, and (d) fees and charges associated with hospitals operated or managed by institutions of higher education;

(8) Any agreement, promissory note, or other instrument entered into by the state finance committee under RCW 39.42.030 in connection with its acquisition of bond insurance, letters of credit, or other credit support instruments for the purpose of guaranteeing the payment or enhancing the marketability, or both, of any state bonds, notes, or other evidence of indebtedness;

(9) Indebtedness incurred for the purposes identified in RCW 43.99N.020;

(10) Indebtedness incurred for the purposes of the school district bond guaranty established by chapter 39.98 RCW;

(11) Indebtedness incurred for the purposes of replacing the waterproof membrane over the east plaza garage and revising related landscaping construction pursuant to RCW 43.99Q.070;

(12) Indebtedness incurred for the purposes of the state legislative building rehabilitation, to the extent that principal and interest payments of such indebtedness are paid from the capitol building construction account pursuant to RCW 43.99Q.140(2)(b); ~~((and))~~

(13) Indebtedness incurred for the purposes of financing projects under RCW 47.10.867; and

(14) Indebtedness incurred for the purposes of school construction assistance grants and capital improvements for skill centers under section 202 of this act.

To the extent necessary because of the constitutional or statutory debt limitation, priorities with respect to the issuance or guaranteeing of bonds, notes, or other evidences of indebtedness by the state shall be determined by the state finance committee.

Sec. 302. RCW 28A.245.030 and 2007 c 463 s 4 are each amended to read as follows:

(1) The office of the superintendent of public instruction shall review and revise the guidelines for skill centers to encourage skill center programs. The superintendent, in cooperation with the workforce training and education coordinating board, skill center directors, and the Washington association for career and technical education, shall review and revise the existing skill centers' policy guidelines and create and adopt rules governing skill centers as follows:

(a) The threshold enrollment at a skill center shall be revised so that a skill center program need not have a minimum of seventy percent of its students enrolled on the skill center core campus in order to facilitate serving rural students through expansion of skill center programs by means of satellite programs or branch campuses;

(b) The developmental planning for branch campuses shall be encouraged. Underserved rural areas or high-density areas may partner with an existing skill center to create satellite programs or a branch campus. Once a branch campus reaches sufficient enrollment to become self-sustaining, it may become a separate skill center or remain an extension of the founding skill center; and

(c) Satellite and branch campus programs shall be encouraged to address high-demand fields.

(2) Rules adopted under this section shall allow for innovative models of satellite and branch campus programs, and such programs shall not be limited to those housed in physical buildings.

(3) The superintendent of public instruction shall develop and deliver a ten-year capital plan for legislative review before implementation. The superintendent of public instruction shall adopt rules that set as a goal a ten percent minimum local project contribution threshold for major skill center projects, unless there is a compelling rationale not to do so, including but not limited to local economic conditions, as determined by the superintendent of public instruction. This applies to the acquisition or major capital costs of skill center projects as outlined in the ten-year capital plan.

(4) Subject to available funding, the superintendent shall:

(a) Conduct approved feasibility studies for serving noncooperative rural and high-density area students in their geographic areas; and

(b) Develop a statewide master plan that identifies standards and resources needed to create a technology infrastructure for connecting all skill centers to the K-20 network.

NEW SECTION. Sec. 303. Sections 101 through 106 of this act constitute a new chapter in Title 43 RCW.

NEW SECTION. Sec. 304. Sections 201 through 210 of this act constitute a new chapter in Title 28A RCW.

NEW SECTION. Sec. 305. Part headings used in this act are not any part of the law.

NEW SECTION. Sec. 306. 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. 307. 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.

Passed by the House March 12, 2008.

Passed by the Senate March 11, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 180

[House Bill 3375]

FLOOD RELIEF—FUNDING

AN ACT Relating to catastrophic flood relief; making an appropriation; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The sum of fifty million dollars, or as much thereof as may be necessary, is appropriated for the biennium ending June 30, 2009, from the state building construction account to the office of financial management, working with and through other state agencies, the Chehalis basin flood control authority, and other local governments as appropriate, to participate in flood hazard mitigation projects for the Chehalis river basin.

(1) Up to two million five hundred thousand dollars of the appropriation is for the Chehalis basin flood control authority or other authorized local government groups to develop or participate in the development of flood hazard mitigation measures throughout the basin.

(2) The office of financial management shall participate as the nonfederal sponsor of United States army corps of engineers flood hazard mitigation projects for the Chehalis river basin area, including the project authorized by the water resources development act of 2007 and projects to be developed under the basin-wide study authorized by United States house resolution 2581, if such projects are mutually agreed to between the federal government, the office of financial management, and the Chehalis basin flood control authority or other authorized local government group. The office of financial management shall prepare the necessary agreements to ensure an active partnership with federal and state agencies, local governments, the Chehalis river flood control authority, and others as needed.

(3) The office of financial management shall not allot funds for construction of flood hazard mitigation projects for the Chehalis river basin until a project agreement between nonfederal project partners has been signed and copies have been provided to the governor, the majority and minority leaders of the senate, and the speaker and minority leader of the house of representatives. The project agreement must delineate responsibility for the ongoing operations and maintenance of the project. The agreement must also include a plan to meet applicable floodplain management requirements and to address any applicable federal requirements for managing the effect of future land use developments on the extent and severity of flooding.

NEW SECTION. Sec. 2. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

Passed by the House February 25, 2008.

Passed by the Senate March 11, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 181

[Senate Bill 6950]

DECLARED EMERGENCIES—WAIVER OF OBLIGATIONS

AN ACT Relating to limited waiver or suspension of statutory obligations during officially declared emergencies; amending RCW 43.06.220, 19.28.101, 43.22.350, 43.22.434, 43.22.480, 70.79.330, 70.87.030, 70.87.120, 74.04.660, 80.04.130, 80.28.060, 80.36.110, 81.04.130, 81.04.150, 81.28.050, 80.36.145, 80.36.320, 80.36.330, 80.36.350, 81.108.050, 81.108.060, 81.108.110, 80.36.135, 81.68.046, 81.84.070, 82.32.050, 82.32.080, 82.32.140, 83.100.050, 82.36.031, 82.38.150, 82.42.040, 84.56.020, 84.56.440, 66.20.010, and 66.20.010; adding a new section to chapter 39.34 RCW; adding a new section to chapter 82.50 RCW; adding a new section to chapter 84.33 RCW; creating a new section; providing an effective date; and providing expiration dates.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 43.06.220 and 2003 c 53 s 222 are each amended to read as follows:

(1) The governor after proclaiming a state of emergency and prior to terminating such, may, in the area described by the proclamation issue an order prohibiting:

(a) Any person being on the public streets, or in the public parks, or at any other public place during the hours declared by the governor to be a period of curfew;

(b) Any number of persons, as designated by the governor, from assembling or gathering on the public streets, parks, or other open areas of this state, either public or private;

(c) The manufacture, transfer, use, possession or transportation of a molotov cocktail or any other device, instrument or object designed to explode or produce uncontained combustion;

(d) The transporting, possessing or using of gasoline, kerosene, or combustible, flammable, or explosive liquids or materials in a glass or uncapped container of any kind except in connection with the normal operation of motor vehicles, normal home use or legitimate commercial use;

(e) The possession of firearms or any other deadly weapon by a person (other than a law enforcement officer) in a place other than that person's place of residence or business;

(f) The sale, purchase or dispensing of alcoholic beverages;

(g) The sale, purchase or dispensing of other commodities or goods, as he or she reasonably believes should be prohibited to help preserve and maintain life, health, property or the public peace;

(h) The use of certain streets, highways or public ways by the public; and

(i) Such other activities as he or she reasonably believes should be prohibited to help preserve and maintain life, health, property or the public peace.

(2) The governor after proclaiming a state of emergency and prior to terminating such may, in the area described by the proclamation, issue an order or orders concerning waiver or suspension of statutory obligations or limitations in any or all of the following areas as further specified and limited by this act:

(a) Liability for participation in interlocal agreements;

(b) Inspection fees owed to the department of labor and industries;

(c) Application of the family emergency assistance program;

(d) Regulations, tariffs, and notice requirements under the jurisdiction of the utilities and transportation commission;

(e) Application of tax due dates and penalties relating to collection of taxes;
and

(f) Permits for industrial, business, or medical uses of alcohol.

(3) In imposing the restrictions provided for by RCW 43.06.010, and 43.06.200 through 43.06.270, the governor may impose them for such times, upon such conditions, with such exceptions and in such areas of this state he or she from time to time deems necessary.

~~((3))~~ (4) Any person willfully violating any provision of an order issued by the governor under this section is guilty of a gross misdemeanor.

**PART I
INTERLOCAL AGREEMENTS**

NEW SECTION. **Sec. 101.** A new section is added to chapter 39.34 RCW to read as follows:

(1) During a covered emergency, the department of community, trade, and economic development may enter into interlocal agreements under this chapter with one or more public agencies for the purposes of providing mutual aid and cooperation to any public agency affected by the cause of the emergency.

(2) All legal liability by a public agency and its employees for damage to property or injury or death to persons caused by acts done or attempted during, or while traveling to or from, a covered emergency, or in preparation for a covered emergency, pursuant to an interlocal agreement entered into under this section, or under the color of this section in a bona fide attempt to comply therewith, shall be the obligation of the state of Washington. Suits may be instituted and maintained against the state for the enforcement of such liability, or for the indemnification of any public agency or its employees for damage done to their private property, or for any judgment against them for acts done in good faith in compliance with this chapter: PROVIDED, That the foregoing shall not be construed to result in indemnification in any case of willful misconduct, gross negligence, or bad faith on the part of any public agency or any of a public agency's employees: PROVIDED, That should the United States or any agency thereof, in accordance with any federal statute, rule, or regulation, provide for the payment of damages to property and/or for death or injury as provided for in this section, then and in that event there shall be no liability or obligation whatsoever upon the part of the state of Washington for any such damage, death, or injury for which the United States government assumes liability.

(3) For purposes of this section, "covered emergency" means an emergency for which the governor has proclaimed a state of emergency under RCW 43.06.010, and for which the governor has authorized the department of community, trade, and economic development to enter into interlocal agreements under this section.

(4) This section shall not affect the right of any person to receive benefits to which he or she would otherwise be entitled under the workers' compensation law, or under any pension or retirement law, nor the right of any such person to receive any benefits or compensation under any act of congress.

**PART II
INSPECTIONS**

Sec. 201. RCW 19.28.101 and 2003 c 399 s 201 are each amended to read as follows:

(1) The director shall cause an inspector to inspect all wiring, appliances, devices, and equipment to which this chapter applies except for basic electrical work as defined in this chapter. The department may not require an electrical work permit for class A basic electrical work unless deficiencies in the installation or repair require inspection. The department may inspect class B basic electrical work on a random basis as specified by the department in rule. Nothing contained in this chapter may be construed as providing any authority

for any subdivision of government to adopt by ordinance any provisions contained or provided for in this chapter except those pertaining to cities and towns pursuant to RCW 19.28.010(3).

(2) Upon request, electrical inspections will be made by the department within forty-eight hours, excluding holidays, Saturdays, and Sundays. If, upon written request, the electrical inspector fails to make an electrical inspection within twenty-four hours, the serving utility may immediately connect electrical power to the installation if the necessary electrical work permit is displayed: PROVIDED, That if the request is for an electrical inspection that relates to a mobile home installation, the applicant shall provide proof of a current building permit issued by the local government agency authorized to issue such permits as a prerequisite for inspection approval or connection of electrical power to the mobile home.

(3) Whenever the installation of any wiring, device, appliance, or equipment is not in accordance with this chapter, or is in such a condition as to be dangerous to life or property, the person, firm, partnership, corporation, or other entity owning, using, or operating it shall be notified by the department and shall within fifteen days, or such further reasonable time as may upon request be granted, make such repairs and changes as are required to remove the danger to life or property and to make it conform to this chapter. The director, through the inspector, is hereby empowered to disconnect or order the discontinuance of electrical service to conductors or equipment that are found to be in a dangerous or unsafe condition and not in accordance with this chapter. Upon making a disconnection the inspector shall attach a notice stating that the conductors have been found dangerous to life or property and are not in accordance with this chapter. It is unlawful for any person to reconnect such defective conductors or equipment without the approval of the department, and until the conductors and equipment have been placed in a safe and secure condition, and in a condition that complies with this chapter.

(4) The director, through the electrical inspector, has the right during reasonable hours to enter into and upon any building or premises in the discharge of his or her official duties for the purpose of making any inspection or test of the installation of new construction or altered electrical wiring, electrical devices, equipment, or material contained in or on the buildings or premises. No electrical wiring or equipment subject to this chapter may be concealed until it has been approved by the inspector making the inspection. At the time of the inspection, electrical wiring or equipment subject to this chapter must be sufficiently accessible to permit the inspector to employ any testing methods that will verify conformance with the national electrical code and any other requirements of this chapter.

(5) Persons, firms, partnerships, corporations, or other entities making electrical installations shall obtain inspection and approval from an authorized representative of the department as required by this chapter before requesting the electric utility to connect to the installations. Electric utilities may connect to the installations if approval is clearly indicated by certification of the electrical work permit required to be affixed to each installation or by equivalent means, except that increased or relocated services may be reconnected immediately at the discretion of the utility before approval if an electrical work permit is displayed. The permits shall be furnished upon payment of the fee to the department.

(6) The director, subject to the recommendations and approval of the board, shall set by rule a schedule of license and electrical work permit fees that will cover the costs of administration and enforcement of this chapter. The rules shall be adopted in accordance with the administrative procedure act, chapter 34.05 RCW. No fee may be charged for plug-in mobile homes, recreational vehicles, or portable appliances.

(7) Nothing in this chapter shall authorize the inspection of any wiring, appliance, device, or equipment, or installations thereof, by any utility or by any person, firm, partnership, corporation, or other entity employed by a utility in connection with the installation, repair, or maintenance of lines, wires, apparatus, or equipment owned by or under the control of the utility. All work covered by the national electric code not exempted by the 1981 edition of the national electric code 90-2(B)(5) shall be inspected by the department.

(8) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the collection of fees under this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 202. RCW 43.22.350 and 1999 c 22 s 3 are each amended to read as follows:

(1) In compliance with any applicable provisions of this chapter, the director of the department of labor and industries shall establish a schedule of fees, whether on the basis of plan approval or inspection, for the issuance of an insigne which indicates that the mobile home, commercial coach, conversion vending units, medical units, recreational vehicle, and/or park trailer complies with the provisions of RCW 43.22.340 through 43.22.410 or for any other purpose specifically authorized by any applicable provision of this chapter.

(2) Insignia are not required on mobile homes, commercial coaches, conversion vending units, medical units, recreational vehicles, and/or park trailers manufactured within this state for sale outside this state which are sold to persons outside this state.

(3) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the collection of fees under this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 203. RCW 43.22.434 and 2005 c 274 s 296 are each amended to read as follows:

(1) The director or the director's authorized representative may conduct such inspections, investigations, and audits as may be necessary to adopt or enforce manufactured and mobile home, commercial coach, conversion vending units, medical units, recreational vehicle, park trailer, factory built housing, and factory built commercial structure rules adopted under the authority of this chapter or to carry out the director's duties under this chapter.

(2) For purposes of enforcement of this chapter, persons duly designated by the director upon presenting appropriate credentials to the owner, operator, or agent in charge may:

(a) At reasonable times and without advance notice enter any factory, warehouse, or establishment in which manufactured and mobile homes, commercial coaches, conversion vending units, medical units, recreational vehicles, park trailers, factory built housing, and factory built commercial structures are manufactured, stored, or held for sale;

(b) At reasonable times, within reasonable limits, and in a reasonable manner inspect any factory, warehouse, or establishment as required to comply with the standards adopted by the secretary of housing and urban development under the national manufactured home construction and safety standards act of 1974. Each inspection shall be commenced and completed with reasonable promptness; and

(c) As requested by an owner of a conversion vending unit or medical unit, inspect an alteration.

(3) For purposes of determining compliance with this chapter's permitting requirements for alterations of mobile and manufactured homes, the department may audit the records of a contractor as defined in chapter 18.27 RCW or RCW 18.106.020(1) or an electrical contractor as defined in RCW 19.28.006 when the department has reason to believe that a violation of the permitting requirements has occurred. The department shall adopt rules implementing the auditing procedures. Information obtained from a contractor through an audit authorized by this subsection is confidential and not open to public inspection under chapter 42.56 RCW.

(4)(a) The department shall set a schedule of fees by rule which will cover the costs incurred by the department in the administration of RCW 43.22.335 through 43.22.490. The department may waive mobile/manufactured home alteration permit fees for indigent permit applicants.

(b)(i) Until April 1, 2009, subject to (a) of this subsection, the department may adopt by rule a temporary statewide fee schedule that decreases fees for mobile/manufactured home alteration permits and increases fees for factory-built housing and commercial structures plan review and inspection services.

(ii) Effective April 1, 2009, the department must adopt a new fee schedule that is the same as the fee schedule that was in effect immediately prior to the temporary fee schedule authorized in (b)(i) of this subsection. However, the new fee schedule must be adjusted by the fiscal growth factors not applied during the period that the temporary fee schedule was in effect.

(5) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the collection of fees under this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 204. RCW 43.22.480 and 1998 c 37 s 4 are each amended to read as follows:

(1) The department shall adopt and enforce rules that protect the health, safety, and property of the people of this state by assuring that all factory built housing or factory built commercial structures are structurally sound and that the plumbing, heating, electrical, and other components thereof are reasonably safe. The rules shall be reasonably consistent with recognized and accepted principles of safety and structural soundness, and in adopting the rules the department shall consider, so far as practicable, the standards and specifications contained in the

uniform building, plumbing, and mechanical codes, including the barrier free code and the Washington energy code as adopted by the state building code council pursuant to chapter 19.27A RCW, and the national electrical code, including the state rules as adopted pursuant to chapter 19.28 RCW and published by the national fire protection association or, when applicable, the temporary worker building code adopted under RCW 70.114A.081.

(2) The department shall set a schedule of fees which will cover the costs incurred by the department in the administration and enforcement of RCW 43.22.450 through 43.22.490.

(3) The director may adopt rules that provide for approval of a plan that is certified as meeting state requirements or the equivalent by a professional who is licensed or certified in a state whose licensure or certification requirements meet or exceed Washington requirements.

(4) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the collection of fees under this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 205. RCW 70.79.330 and 1977 ex.s. c 175 s 2 are each amended to read as follows:

The owner or user of a boiler or pressure vessel required by this chapter to be inspected by the chief inspector, or his deputy inspector, shall pay directly to the chief inspector, upon completion of inspection, fees and expenses in accordance with a schedule adopted by the board and approved by the director of the department of labor and industries in accordance with the requirements of the Administrative Procedure Act, chapter 34.05 RCW.

During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the collection of fees under this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 206. RCW 70.87.030 and 2003 c 143 s 11 are each amended to read as follows:

The department shall adopt rules governing the mechanical and electrical operation, acceptance tests, conveyance work, operation, and inspection that are necessary and appropriate and shall also adopt minimum standards governing existing installations. In the execution of this rule-making power and before the adoption of rules, the department shall consider the rules for safe conveyance work, operation, and inspection, including the American National Standards Institute Safety Code for Personnel and Material Hoists, the American Society of Mechanical Engineers Safety Code for Elevators, Dumbwaiters, and Escalators, and any amendatory or supplemental provisions thereto. The department by rule shall establish a schedule of fees to pay the costs incurred by the department for the work related to administration and enforcement of this chapter. Nothing in this chapter limits the authority of the department to prescribe or enforce general or special safety orders as provided by law.

The department may consult with: Engineering authorities and organizations concerned with standard safety codes; rules and regulations

governing conveyance work, operation, and inspection; and the qualifications that are adequate, reasonable, and necessary for the elevator mechanic, contractor, and inspector.

During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the collection of fees under this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 207. RCW 70.87.120 and 1998 c 137 s 4 are each amended to read as follows:

(1) The department shall appoint and employ inspectors, as may be necessary to carry out the provisions of this chapter, under the provisions of the rules adopted by the Washington personnel resources board in accordance with chapter 41.06 RCW.

(2)(a) Except as provided in (b) of this subsection, the department shall cause all conveyances to be inspected and tested at least once each year. Inspectors have the right during reasonable hours to enter into and upon any building or premises in the discharge of their official duties, for the purpose of making any inspection or testing any conveyance contained thereon or therein. Inspections and tests shall conform with the rules adopted by the department. The department shall inspect all installations before it issues any initial permit for operation. Permits shall not be issued until the fees required by this chapter have been paid.

(b)(i) Private residence conveyances operated exclusively for single-family use shall be inspected and tested only when required under RCW 70.87.100 or as necessary for the purposes of subsection (4) of this section and shall be exempt from RCW 70.87.090 unless an annual inspection and operating permit are requested by the owner.

(ii) The department may perform additional inspections of a private residence conveyance at the request of the owner of the conveyance. Fees for these inspections shall be in accordance with the schedule of fees adopted for operating permits pursuant to RCW 70.87.030. An inspection requested under this subsection (2)(b)(ii) shall not be performed until the required fees have been paid.

(3) If inspection shows a conveyance to be in an unsafe condition, the department shall issue an inspection report in writing requiring the repairs or alterations to be made to the conveyance that are necessary to render it safe and may also suspend or revoke a permit pursuant to RCW 70.87.125 or order the operation of a conveyance discontinued pursuant to RCW 70.87.145.

(a) A penalty may be assessed under RCW 70.87.185 for failure to correct a violation within ninety days after the owner is notified in writing of inspection results.

(b) The owner may be assessed a penalty under RCW 70.87.185 for failure to submit official notification in writing to the department that all corrections have been completed.

(4) The department may investigate accidents and alleged or apparent violations of this chapter.

(5) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the collection of fees under this section or any

portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

PART III FAMILY EMERGENCY ASSISTANCE PROGRAM

Sec. 301. RCW 74.04.660 and 1994 c 296 s 1 are each amended to read as follows:

The department shall establish a consolidated emergency assistance program for families with children. Assistance may be provided in accordance with this section.

(1) Benefits provided under this program shall be limited to one period of time, as determined by the department, within any consecutive twelve-month period.

(2) Benefits under this program shall be provided to alleviate emergent conditions resulting from insufficient income and resources to provide for: Food, shelter, clothing, medical care, or other necessary items, as defined by the department. Benefits may also be provided for family reconciliation services, family preservation services, home-based services, short-term substitute care in a licensed agency as defined in RCW 74.15.020, crisis nurseries, therapeutic child care, or other necessary services as defined by the department. Benefits shall be provided only in an amount sufficient to cover the cost of the specific need, subject to the limitations established in this section.

(3)(a) The department shall, by rule, establish assistance standards and eligibility criteria for this program in accordance with this section.

(b) Eligibility for benefits or services under this section does not automatically entitle a recipient to medical assistance.

(4) The department shall seek federal emergency assistance funds to supplement the state funds appropriated for the operation of this program as long as other departmental programs are not adversely affected by the receipt of federal funds.

(5) If state funds appropriated for the consolidated emergency assistance program are exhausted, the department may discontinue the program.

(6) During a state of emergency and pursuant to an order from the governor, benefits under this program may be extended to individuals and families without children.

PART IV UTILITIES AND TRANSPORTATION REGULATION

Sec. 401. RCW 80.04.130 and 2003 c 189 s 1 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, whenever any public service company shall file with the commission any schedule, classification, rule, or regulation, the effect of which is to change any rate, charge, rental, or toll theretofore charged, the commission shall have power, either upon its own motion or upon complaint, upon notice, to enter upon a hearing concerning such proposed change and the reasonableness and justness thereof. Pending such hearing and the decision thereon, the commission may suspend the operation of

such rate, charge, rental, or toll for a period not exceeding ten months from the time the same would otherwise go into effect. After a full hearing, the commission may make such order in reference thereto as would be provided in a hearing initiated after the same had become effective.

(2)(a) The commission shall not suspend a tariff that makes a decrease in a rate, charge, rental, or toll filed by a telecommunications company pending investigation of the fairness, justness, and reasonableness of the decrease when the filing does not contain any offsetting increase to another rate, charge, rental, or toll and the filing company agrees to not file for an increase to any rate, charge, rental, or toll to recover the revenue deficit that results from the decrease for a period of one year.

(i) The filing company shall file with any decrease sufficient information as the commission by rule may require to demonstrate the decreased rate, charge, rental, or toll is above the long run incremental cost of the service. A tariff decrease that results in a rate that is below long run incremental cost, or is contrary to commission rule or order, or the requirements of this chapter, shall be rejected for filing and returned to the company.

(ii) The commission may prescribe a different rate to be effective on the prospective date stated in its final order after its investigation, if it concludes based on the record that the originally filed and effective rate is unjust, unfair, or unreasonable.

(b) The commission shall not suspend a promotional tariff. For the purposes of this section, "promotional tariff" means a tariff that, for a period of up to ninety days, waives or reduces charges or conditions of service for existing or new subscribers for the purpose of retaining or increasing the number of customers who subscribe to or use a service.

(3) The commission may suspend the initial tariff filing of any water company removed from and later subject to commission jurisdiction because of the number of customers or the average annual gross revenue per customer provisions of RCW 80.04.010. The commission may allow temporary rates during the suspension period. These rates shall not exceed the rates charged when the company was last regulated. Upon a showing of good cause by the company, the commission may establish a different level of temporary rates.

(4) At any hearing involving any change in any schedule, classification, rule, or regulation the effect of which is to increase any rate, charge, rental, or toll theretofore charged, the burden of proof to show that such increase is just and reasonable shall be upon the public service company.

(5) The implementation of mandatory local measured telecommunications service is a major policy change in available telecommunications service. The commission shall not accept for filing a price list, nor shall it accept for filing or approve, prior to June 1, 2004, a tariff filed by a telecommunications company which imposes mandatory local measured service on any customer or class of customers, except that, upon finding that it is in the public interest, the commission may accept for filing a price list or it may accept for filing and approve a tariff that imposes mandatory measured service for a telecommunications company's extended area service or foreign exchange service. This subsection does not apply to land, air, or marine mobile service, or to pay telephone service, or to any service which has been traditionally offered on a measured service basis.

(6) The implementation of Washington telephone assistance program service is a major policy change in available telecommunications service. The implementation of Washington telephone assistance program service will aid in achieving the stated goal of universal telephone service.

(7) If a utility claims a sales or use tax exemption on the pollution control equipment for an electrical generation facility and abandons the generation facility before the pollution control equipment is fully depreciated, any tariff filing for a rate increase to recover abandonment costs for the pollution control equipment shall be considered unjust and unreasonable for the purposes of this section.

(8) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 402. RCW 80.28.060 and 1989 c 152 s 1 are each amended to read as follows:

Unless the commission otherwise orders, no change shall be made in any rate or charge or in any form of contract or agreement or in any rule or regulation relating to any rate, charge or service, or in any general privilege or facility which shall have been filed and published by a gas company, electrical company or water company in compliance with the requirements of RCW 80.28.050 except after thirty days' notice to the commission and publication for thirty days, which notice shall plainly state the changes proposed to be made in the schedule then in force and the time when the change will go into effect and all proposed changes shall be shown by printing, filing and publishing new schedules, or shall be plainly indicated upon the schedules in force at the time and kept open to public inspection. Proposed changes may be suspended by the commission within thirty days or before the stated effective date of the proposed change, whichever is later. The commission, for good cause shown, may allow changes without requiring the thirty days' notice by duly filing, in such manner as it may direct, an order specifying the changes so to be made and the time when it shall take effect. All such changes shall be immediately indicated upon its schedules by the company affected. When any change is made in any rate or charge, form of contract or agreement, or any rule or regulation relating to any rate or charge or service, or in any general privilege or facility, the effect of which is to increase any rate or charge, then in existence, attention shall be directed on the copy filed with the commission to such increase by some character immediately preceding or following the item in such schedule, such character to be in form as designated by the commission.

During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 403. RCW 80.36.110 and 2006 c 347 s 2 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, unless the commission otherwise orders, no change shall be made in any rate, toll, rental, or charge, that was filed and published by any telecommunications company in compliance with the requirements of RCW 80.36.100, except after notice as required in this subsection.

(a) For changes to any rate, toll, rental, or charge filed and published in a tariff, the company shall provide thirty days' notice to the commission and publication for thirty days as required in the case of original schedules in RCW 80.36.100. The notice shall plainly state the changes proposed to be made in the schedule then in force, and the time when the changed rate, toll, or charge will go into effect, and all proposed changes shall be shown by printing, filing and publishing new schedules, or shall be plainly indicated upon the schedules in force at the time and kept open to public inspection. Proposed changes may be suspended by the commission within thirty days or before the stated effective date of the proposed change, whichever is later.

(b) The commission for good cause shown may allow changes in rates, charges, tolls, or rentals without requiring the notice and publication provided for in (a) of this subsection, by an order or rule specifying the change to be made and the time when it takes effect, and the manner in which the change will be filed and published.

(c) When any change is made in any rate, toll, rental, or charge, the effect of which is to increase any rate, toll, rental, or charge then existing, attention shall be directed on the copy filed with the commission to the increase by some character immediately preceding or following the item in the schedule, which character shall be in such a form as the commission may designate.

(2)(a) A telecommunications company may file a tariff that decreases any rate, charge, rental, or toll with ten days' notice to the commission and publication without receiving a special order from the commission when the filing does not contain an offsetting increase to another rate, charge, rental, or toll, and the filing company agrees not to file for an increase to any rate, charge, rental, or toll to recover the revenue deficit that results from the decrease for a period of one year.

(b) A telecommunications company may file a promotional offering to be effective, without receiving a special order from the commission, upon filing with the commission and publication. For the purposes of this section, "promotional offering" means a tariff that, for a period of up to ninety days, waives or reduces charges or conditions of service for existing or new subscribers for the purpose of retaining or increasing the number of customers who subscribe to or use a service.

During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 404. RCW 81.04.130 and 2007 c 234 s 6 are each amended to read as follows:

Whenever any public service company, subject to regulation by the commission as to rates and service, files with the commission any schedule, classification, rule, or regulation, the effect of which is to change any rate, fare,

charge, rental, or toll previously charged, the commission may, either upon its own motion or upon complaint, upon notice, hold a hearing concerning the proposed change and the reasonableness and justness of it. Pending the hearing and the decision, the commission may suspend the operation of the rate, fare, charge, rental, or toll, if the change is proposed by a common carrier other than a solid waste collection company, for a period not exceeding seven months, and, if proposed by a solid waste collection company, for a period not exceeding ten months from the time the change would otherwise go into effect. After a full hearing the commission may make the order in reference to the change as would be provided in a hearing initiated after the change had become effective.

At any hearing involving any change in any schedule, classification, rule, or regulation the effect of which is to increase any rate, fare, charge, rental, or toll theretofore charged, the burden of proof to show that the increase is just and reasonable is upon the public service company. When any common carrier files any tariff, classification, rule, or regulation the effect of which is to decrease any rate, fare, or charge, the burden of proof to show that such decrease is just and reasonable is upon the common carrier.

During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 405. RCW 81.04.150 and 2007 c 234 s 7 are each amended to read as follows:

Whenever the commission finds, after a hearing upon its own motion or upon complaint as provided in this chapter, that any rate, toll, rental, or charge that has been the subject of complaint and inquiry is sufficiently remunerative to the public service company subject to regulation by the commission as to rates and service affected by it, the commission may order that the rate, toll, rental, or charge must not be changed, altered, abrogated, or discontinued, nor must there be any change in the classification that will change or alter the rate, toll, rental, or charge without first obtaining the consent of the commission authorizing the change to be made.

During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 406. RCW 81.28.050 and 2007 c 234 s 26 are each amended to read as follows:

Unless the commission otherwise orders, a change may not be made to any classification, rate, fare, charge, rule, or regulation filed and published by a common carrier subject to regulation by the commission as to rates and service, except after thirty days' notice to the commission and to the public. In the case of a solid waste collection company, a change may not be made except after forty-five days' notice to the commission and to the public. The notice must be published as provided in RCW 81.28.040 and must plainly state the changes proposed to be made in the schedule then in force and the time when the changed

rate, classification, fare, or charge will go into effect. All proposed changes must be shown by printing, filing, and publishing new schedules or must be plainly indicated upon the schedules in force at the time and kept open to public inspection. The commission, for good cause shown, may by order allow changes in rates without requiring the notice and the publication time periods specified in this section. When any change is made in any rate, fare, charge, classification, rule, or regulation, attention must be directed to the change by some character on the schedule. The character and its placement must be designated by the commission. The commission may, by order, for good cause shown, allow changes in any rate, fare, charge, classification, rule, or regulation without requiring any character to indicate each and every change to be made.

During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 407. RCW 80.36.145 and 1989 c 101 s 3 are each amended to read as follows:

(1) The legislature declares that the availability of an alternative abbreviated formal procedure for use by the commission instead of a full adjudicative proceeding may in appropriate circumstances advance the public interest by reducing the time required by the commission for decision and the costs incurred by interested parties and ratepayers. Therefore, the commission is authorized to use formal investigation and fact-finding instead of an adjudicative proceeding under chapter 34.05 RCW when it determines that its use is in the public interest and that a full adjudicative hearing is not necessary to fully develop the facts relevant to the proceeding and the positions of the parties, including intervenors.

(2) The commission may use formal investigation and fact-finding instead of the hearing provided in the following circumstances:

(a) A complaint proceeding under RCW 80.04.110 with concurrence of the respondent when the commission is the complainant or with concurrence of the complainant and respondent when not the commission;

(b) A tariff suspension under RCW 80.04.130; or

(c) A competitive classification proceeding under RCW 80.36.320 and 80.36.330.

(3) In formal investigation and fact-finding the commission may limit the record to written submissions by the parties, including intervenors. The commission shall review the written submissions and, based thereon, shall enter appropriate findings of fact and conclusions of law and its order. When there is a reasonable expression of public interest in the issues under consideration, the commission shall hold at least one public hearing for the receipt of information from members of the public that are not formal intervenors in the proceeding and may elect to convert the proceeding to an adjudicative proceeding at any stage. The assignment of an agency employee or administrative law judge to preside at such public hearing shall not require the entry of an initial order.

(4) The commission shall adopt rules of practice and procedure including rules for discovery of information necessary for the use of formal investigation and fact-finding and for the filing of written submissions. The commission may provide by rule for a number of rounds of written comments: PROVIDED, That

the party with the burden of proof shall always have the opportunity to file reply comments.

(5) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 408. RCW 80.36.320 and 2006 c 347 s 3 are each amended to read as follows:

(1) The commission shall classify a telecommunications company as a competitive telecommunications company if the services it offers are subject to effective competition. Effective competition means that the company's customers have reasonably available alternatives and that the company does not have a significant captive customer base. In determining whether a company is competitive, factors the commission shall consider include but are not limited to:

- (a) The number and sizes of alternative providers of service;
- (b) The extent to which services are available from alternative providers in the relevant market;
- (c) The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms, and conditions; and
- (d) Other indicators of market power which may include market share, growth in market share, ease of entry, and the affiliation of providers of services.

The commission shall conduct the initial classification and any subsequent review of the classification in accordance with such procedures as the commission may establish by rule.

(2) Competitive telecommunications companies shall be subject to minimal regulation. The commission may waive any regulatory requirement under this title for competitive telecommunications companies when it determines that competition will serve the same purposes as public interest regulation. The commission may waive different regulatory requirements for different companies if such different treatment is in the public interest. A competitive telecommunications company shall at a minimum:

- (a) Keep its accounts according to regulations as determined by the commission;
- (b) File financial reports with the commission as required by the commission and in a form and at times prescribed by the commission; and
- (c) Cooperate with commission investigations of customer complaints.

(3) The commission may revoke any waivers it grants and may reclassify any competitive telecommunications company if the revocation or reclassification would protect the public interest.

(4) The commission may waive the requirements of RCW 80.36.170 and 80.36.180 in whole or in part for a competitive telecommunications company if it finds that competition will serve the same purpose and protect the public interest.

(5) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders

to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 409. RCW 80.36.330 and 2007 c 26 s 1 are each amended to read as follows:

(1) The commission may classify a telecommunications service provided by a telecommunications company as a competitive telecommunications service if the service is subject to effective competition. Effective competition means that customers of the service have reasonably available alternatives and that the service is not provided to a significant captive customer base. In determining whether a service is competitive, factors the commission shall consider include but are not limited to:

(a) The number and size of alternative providers of services, including those not subject to commission jurisdiction;

(b) The extent to which services are available from alternative providers in the relevant market;

(c) The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms, and conditions; and

(d) Other indicators of market power, which may include market share, growth in market share, ease of entry, and the affiliation of providers of services.

(2) Competitive telecommunications services are subject to minimal regulation. The commission may waive any regulatory requirement under this title for companies offering a competitive telecommunications service when it determines that competition will serve the same purposes as public interest regulation. The commission may waive different regulatory requirements for different companies if such different treatment is in the public interest. A company offering a competitive telecommunications service shall at a minimum:

(a) Keep its accounts according to rules adopted by the commission;

(b) File financial reports for competitive telecommunications services with the commission as required by the commission and in a form and at times prescribed by the commission; and

(c) Cooperate with commission investigations of customer complaints.

(3) Prices or rates charged for competitive telecommunications services shall cover their cost. The commission shall determine proper cost standards to implement this section, provided that in making any assignment of costs or allocating any revenue requirement, the commission shall act to preserve affordable universal telecommunications service.

(4) The commission may investigate prices for competitive telecommunications services upon complaint. In any complaint proceeding initiated by the commission, the telecommunications company providing the service shall bear the burden of proving that the prices charged cover cost, and are fair, just, and reasonable.

(5) Telecommunications companies shall provide the commission with all data it deems necessary to implement this section.

(6) No losses incurred by a telecommunications company in the provision of competitive services may be recovered through rates for noncompetitive services. The commission may order refunds or credits to any class of subscribers to a noncompetitive telecommunications service which has paid

excessive rates because of below cost pricing of competitive telecommunications services.

(7) The commission may reclassify any competitive telecommunications service if reclassification would protect the public interest.

(8) The commission may waive the requirements of RCW 80.36.170 and 80.36.180 in whole or in part for a service classified as competitive if it finds that competition will serve the same purpose and protect the public interest.

(9) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 410. RCW 80.36.350 and 1990 c 10 s 1 are each amended to read as follows:

Each telecommunications company not operating under tariff in Washington on January 1, 1985, shall register with the commission before beginning operations in this state. The registration shall be on a form prescribed by the commission and shall contain such information as the commission may by rule require, but shall include as a minimum the name and address of the company; the name and address of its registered agent, if any; the name, address, and title of each officer or director; its most current balance sheet; its latest annual report, if any; and a description of the telecommunications services it offers or intends to offer.

The commission may require as a precondition to registration the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers, or order that such advances or deposits be held in escrow or trust.

The commission may deny registration to any telecommunications company which:

- (1) Does not provide the information required by this section;
- (2) Fails to provide a performance bond, if required;
- (3) Does not possess adequate financial resources to provide the proposed service; or
- (4) Does not possess adequate technical competency to provide the proposed service.

The commission shall take action to approve or issue a notice of hearing concerning any application for registration within thirty days after receiving the application. The commission may approve an application with or without a hearing. The commission may deny an application after a hearing.

A telecommunications company may also submit a petition for competitive classification under RCW 80.36.310 at the time it applies for registration. The commission may act on the registration application and the competitive classification petition at the same time.

During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 411. RCW 81.108.050 and 1997 c 243 s 1 are each amended to read as follows:

(1) The maximum disposal rates that a site operator may charge generators shall be determined in accordance with this section. The rates shall include all charges for disposal services at the site.

(2) Initially, the maximum disposal rates shall be the initial rates established pursuant to RCW 81.108.040.

(3) Subsequently, the maximum disposal rates shall be adjusted in January of each year to incorporate inflation and volume adjustments. Such adjustments shall take effect thirty days after filing with the commission unless the commission authorizes that the adjustments take effect earlier, or the commission contests the calculation of the adjustments, in which case the commission may suspend the filing. A site operator shall provide notice to its customers concurrent with the filing.

(4)(a) Subsequently, a site operator may also file for revisions to the maximum disposal rates due to:

(i) Changes in any governmentally imposed fee, surcharge, or tax assessed on a volume or a gross revenue basis against or collected by the site operator, including site closure fees, perpetual care and maintenance fees, business and occupation taxes, site surveillance fees, leasehold excise taxes, commission regulatory fees, municipal taxes, and a tax or payment in lieu of taxes authorized by the state to compensate the county in which a site is located for that county's legitimate costs arising out of the presence of that site within that county; or

(ii) Factors outside the control of the site operator such as a material change in regulatory requirements regarding the physical operation of the site.

(b) Revisions to the maximum disposal rate shall take effect thirty days after filing with the commission unless the commission suspends the filing or authorizes the proposed adjustments to take effect earlier.

(5) Upon establishment of a contract rate pursuant to RCW 81.108.060 for a disposal fee, the site operator may not collect a disposal fee that is greater than the effective rate. The effective rate shall be in effect so long as such contract rate remains in effect. Adjustments to the maximum disposal rates may be made during the time an effective rate is in place. Contracts for disposal of extraordinary volumes pursuant to RCW 81.108.070 shall not be considered in determining the effective rate.

(6) The site operator may petition the commission for new maximum disposal rates at any time. Upon receipt of such a petition, the commission shall set the matter for hearing and shall issue an order within seven months of the filing of the petition. The petition shall be accompanied by the documents required to accompany the filing for initial rates. The hearing on the petition shall be conducted in accordance with the commission's rules of practice and procedure.

(7) This section shall only take effect following a finding that the site operator is a monopoly pursuant to RCW 81.108.100.

(8) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 412. RCW 81.108.060 and 1991 c 272 s 7 are each amended to read as follows:

(1) At any time, a site operator may contract with any person to provide a contract disposal rate lower than the maximum disposal rate.

(2) A contract or contract amendment shall be submitted to the commission for approval at least thirty days before its effective date. The commission may approve the contract or suspend the contract and set it for hearing. If the commission takes no action within thirty days of filing, the contract or amendment shall go into effect according to its terms. Each contract filing shall be accompanied with documentation to show that the contract does not result in discrimination between generators receiving like and contemporaneous service under substantially similar circumstances and provides for the recovery of all costs associated with the provision of the service.

(3) This section shall only take effect following a finding that the site operator is a monopoly pursuant to RCW 81.108.100.

(4) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 413. RCW 81.108.110 and 1991 c 272 s 12 are each amended to read as follows:

(1) At any time after this chapter has been implemented with respect to a site operator, such site operator may petition the commission to be classified as competitive. The commission may initiate classification proceedings on its own motion. The commission shall enter its final order with respect to classification within seven months from the date of filing of a company's petition or the commission's motion.

(2) The commission shall classify a site operator as a competitive company if the commission finds, after notice and hearing, that the disposal services offered are subject to competition because the company's customers have reasonably available alternatives. In determining whether a company is competitive, the commission's consideration shall include, but not be limited to:

(a) Whether the system of interstate compacts and regional disposal sites established by federal law has been implemented so that the Northwest compact site located near Richland, Washington is the exclusive site option for disposal by customers within the Northwest compact states;

(b) Whether waste generated outside the Northwest compact states is excluded; and

(c) The ability of alternative disposal sites to make functionally equivalent services readily available at competitive rates, terms, and conditions.

(3) The commission may reclassify a competitive site operator if reclassification would protect the public interest as set forth in this section.

(4) Competitive low-level radioactive waste disposal companies shall be exempt from commission regulation and fees during the time they are so classified.

(5) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders

to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 414. RCW 80.36.135 and 2000 c 82 s 1 are each amended to read as follows:

(1) The legislature declares that:

(a) Changes in technology and the structure of the telecommunications industry may produce conditions under which traditional rate of return, rate base regulation of telecommunications companies may not in all cases provide the most efficient and effective means of achieving the public policy goals of this state as declared in RCW 80.36.300, this section, and RCW 80.36.145. The commission should be authorized to employ an alternative form of regulation if that alternative is better suited to achieving those policy goals.

(b) Because of the great diversity in the scope and type of services provided by telecommunications companies, alternative regulatory arrangements that meet the varying circumstances of different companies and their ratepayers may be desirable.

(2) Subject to the conditions set forth in this chapter and RCW 80.04.130, the commission may regulate telecommunications companies subject to traditional rate of return, rate base regulation by authorizing an alternative form of regulation. The commission may determine the manner and extent of any alternative forms of regulation as may in the public interest be appropriate. In addition to the public policy goals declared in RCW 80.36.300, the commission shall consider, in determining the appropriateness of any proposed alternative form of regulation, whether it will:

(a) Facilitate the broad deployment of technological improvements and advanced telecommunications services to underserved areas or underserved customer classes;

(b) Improve the efficiency of the regulatory process;

(c) Preserve or enhance the development of effective competition and protect against the exercise of market power during its development;

(d) Preserve or enhance service quality and protect against the degradation of the quality or availability of efficient telecommunications services;

(e) Provide for rates and charges that are fair, just, reasonable, sufficient, and not unduly discriminatory or preferential; and

(f) Not unduly or unreasonably prejudice or disadvantage any particular customer class.

(3) A telecommunications company or companies subject to traditional rate of return, rate base regulation may petition the commission to establish an alternative form of regulation. The company or companies shall submit with the petition a plan for an alternative form of regulation. The plan shall contain a proposal for transition to the alternative form of regulation and the proposed duration of the plan. The plan must also contain a proposal for ensuring adequate carrier-to-carrier service quality, including service quality standards or performance measures for interconnection, and appropriate enforcement or remedial provisions in the event the company fails to meet service quality standards or performance measures. The commission also may initiate consideration of alternative forms of regulation for a company or companies on its own motion. The commission, after notice and hearing, shall issue an order accepting, modifying, or rejecting the plan within nine months after the petition

or motion is filed, unless extended by the commission for good cause. The commission shall order implementation of the alternative plan of regulation unless it finds that, on balance, an alternative plan as proposed or modified fails to meet the considerations stated in subsection (2) of this section.

(4) Not later than sixty days from the entry of the commission's order, the company or companies affected by the order may file with the commission an election not to proceed with the alternative form of regulation as authorized by the commission.

(5) The commission may waive such regulatory requirements under Title 80 RCW for a telecommunications company subject to an alternative form of regulation as may be appropriate to facilitate the implementation of this section. However, the commission may not waive any grant of legal rights to any person contained in this chapter and chapter 80.04 RCW. The commission may waive different regulatory requirements for different companies or services if such different treatment is in the public interest.

(6) Upon petition by the company, and after notice and hearing, the commission may rescind or modify an alternative form of regulation in the manner requested by the company.

(7) The commission or any person may file a complaint under RCW 80.04.110 alleging that a telecommunications company under an alternative form of regulation has not complied with the terms and conditions set forth in the alternative form of regulation. The complainant shall bear the burden of proving the allegations in the complaint.

(8) During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 415. RCW 81.68.046 and 2005 c 121 s 8 are each amended to read as follows:

The commission may, with or without a hearing, issue temporary certificates to engage in the business of operating an auto transportation company, but only after it finds that the issuance of the temporary certificate is consistent with the public interest. The temporary certificate may be issued for a period up to one hundred eighty days. The commission may prescribe rules and impose terms and conditions as in its judgment are reasonable and necessary in carrying out this chapter. The commission may by rule, prescribe a fee for an application for the temporary certificate. The commission shall not issue a temporary certificate to operate in a territory: (1) For which a certificate has been issued, unless the existing certificate holder, upon twenty days' notice, does not object to the issuance of the certificate or is not providing service; or (2) for which an application is pending unless the filing for a temporary certificate is made by the applicant or the applicant does not object to the issuance of the certificate.

During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

Sec. 416. RCW 81.84.070 and 1993 c 427 s 8 are each amended to read as follows:

The commission may, with or without a hearing, issue temporary certificates to operate under this chapter, but only after it finds that the issuance of the temporary certificate is necessary due to an immediate and urgent need and is otherwise consistent with the public interest. The certificate may be issued for a period of up to one hundred eighty days. The commission may prescribe such special rules and impose special terms and conditions on the granting of the certificate as in its judgment are reasonable and necessary in carrying out this chapter. The commission shall collect a filing fee, not to exceed two hundred dollars, for each application for a temporary certificate. The commission shall not issue a temporary certificate to operate on a route for which a certificate has been issued or for which an application by another commercial ferry operator is pending.

During a state of emergency declared under RCW 43.06.010(12), the governor may waive or suspend the operation or enforcement of this section or any portion of this section or under any administrative rule, and issue any orders to facilitate the operation of state or local government or to promote and secure the safety and protection of the civilian population.

PART V COLLECTION OF TAXES

Sec. 501. RCW 82.32.050 and 2007 c 111 s 106 are each amended to read as follows:

(1) If upon examination of any returns or from other information obtained by the department it appears that a tax or penalty has been paid less than that properly due, the department shall assess against the taxpayer such additional amount found to be due and shall add thereto interest on the tax only. The department shall notify the taxpayer by mail, or electronically as provided in RCW 82.32.135, of the additional amount and the additional amount shall become due and shall be paid within thirty days from the date of the notice, or within such further time as the department may provide.

(a) For tax liabilities arising before January 1, 1992, interest shall be computed at the rate of nine percent per annum from the last day of the year in which the deficiency is incurred until the earlier of December 31, 1998, or the date of payment. After December 31, 1998, the rate of interest shall be variable and computed as provided in subsection (2) of this section. The rate so computed shall be adjusted on the first day of January of each year for use in computing interest for that calendar year.

(b) For tax liabilities arising after December 31, 1991, the rate of interest shall be variable and computed as provided in subsection (2) of this section from the last day of the year in which the deficiency is incurred until the date of payment. The rate so computed shall be adjusted on the first day of January of each year for use in computing interest for that calendar year.

(c) Interest imposed after December 31, 1998, shall be computed from the last day of the month following each calendar year included in a notice, and the last day of the month following the final month included in a notice if not the end of a calendar year, until the due date of the notice. If payment in full is not

made by the due date of the notice, additional interest shall be computed until the date of payment. The rate of interest shall be variable and computed as provided in subsection (2) of this section. The rate so computed shall be adjusted on the first day of January of each year for use in computing interest for that calendar year.

(2) For the purposes of this section, the rate of interest to be charged to the taxpayer shall be an average of the federal short-term rate as defined in 26 U.S.C. Sec. 1274(d) plus two percentage points. The rate set for each new year shall be computed by taking an arithmetical average to the nearest percentage point of the federal short-term rate, compounded annually. That average shall be calculated using the rates from four months: January, April, and July of the calendar year immediately preceding the new year, and October of the previous preceding year.

(3) During a state of emergency declared under RCW 43.06.010(12), the department, on its own motion or at the request of any taxpayer affected by the emergency, may extend the due date of any assessment or correction of an assessment for additional taxes, penalties, or interest as the department deems proper.

~~(4)~~ No assessment or correction of an assessment for additional taxes, penalties, or interest due may be made by the department more than four years after the close of the tax year, except (a) against a taxpayer who has not registered as required by this chapter, (b) upon a showing of fraud or of misrepresentation of a material fact by the taxpayer, or (c) where a taxpayer has executed a written waiver of such limitation. The execution of a written waiver shall also extend the period for making a refund or credit as provided in RCW 82.32.060(2).

~~((4))~~ (5) For the purposes of this section, "return" means any document a person is required by the state of Washington to file to satisfy or establish a tax or fee obligation that is administered or collected by the department of revenue and that has a statutorily defined due date.

Sec. 502. RCW 82.32.080 and 1999 c 357 s 3 are each amended to read as follows:

(1) Payment of the tax may be made by uncertified check under such regulations as the department shall prescribe, but, if a check so received is not paid by the bank on which it is drawn, the taxpayer, by whom such check is tendered, shall remain liable for payment of the tax and for all legal penalties, the same as if such check had not been tendered.

(2) Payment of the tax shall be made by electronic funds transfer, as defined in RCW 82.32.085, if the amount of the tax due in a calendar year is one million eight hundred thousand dollars or more. The department may by rule provide for tax thresholds between two hundred forty thousand dollars and one million eight hundred thousand dollars for mandatory use of electronic funds transfer. All taxes administered by this chapter are subject to this requirement except the taxes authorized by chapters 82.14A, 82.14B, 82.24, 82.27, 82.29A, and 84.33 RCW. It is the intent of this section to require electronic funds transfer for those taxes reported on the department's combined excise tax return or any successor return.

(3) A return or remittance which is transmitted to the department by United States mail shall be deemed filed or received on the date shown by the post

office cancellation mark stamped upon the envelope containing it, except as otherwise provided in this chapter. The department is authorized to allow electronic filing of returns or remittances from any taxpayer. A return or remittance which is transmitted to the department electronically shall be deemed filed or received according to procedures set forth by the department.

(4)(a)(i) The department, for good cause shown, may extend the time for making and filing any return, and may grant such reasonable additional time within which to make and file returns as it may deem proper, but any permanent extension granting the taxpayer a reporting date without penalty more than ten days beyond the due date, and any extension in excess of thirty days shall be conditional on deposit with the department of an amount to be determined by the department which shall be approximately equal to the estimated tax liability for the reporting period or periods for which the extension is granted. In the case of a permanent extension or a temporary extension of more than thirty days the deposit shall be deposited within the state treasury with other tax funds and a credit recorded to the taxpayer's account which may be applied to taxpayer's liability upon cancellation of the permanent extension or upon reporting of the tax liability where an extension of more than thirty days has been granted.

(ii) The department shall review the requirement for deposit at least annually and may require a change in the amount of the deposit required when it believes that such amount does not approximate the tax liability for the reporting period or periods for which the extension is granted.

(b) During a state of emergency declared under RCW 43.06.010(12), the department, on its own motion or at the request of any taxpayer affected by the emergency, may extend the time for making or filing any return as the department deems proper. The department may not require any deposit as a condition for granting an extension under this subsection (4)(b).

(5) The department shall keep full and accurate records of all funds received and disbursed by it. Subject to the provisions of RCW 82.32.105 and 82.32.350, the department shall apply the payment of the taxpayer first against penalties and interest, and then upon the tax, without regard to any direction of the taxpayer.

(6) The department may refuse to accept any return which is not accompanied by a remittance of the tax shown to be due thereon. When such return is not accepted, the taxpayer shall be deemed to have failed or refused to file a return and shall be subject to the procedures provided in RCW 82.32.100 and to the penalties provided in RCW 82.32.090. The above authority to refuse to accept a return shall not apply when a return is timely filed and a timely payment has been made by electronic funds transfer.

Sec. 503. RCW 82.32.140 and 2007 c 111 s 109 are each amended to read as follows:

(1) Whenever any taxpayer quits business, or sells out, exchanges, or otherwise disposes of more than fifty percent of the fair market value of either its tangible or intangible assets, any tax payable hereunder shall become immediately due and payable, and such taxpayer shall, within ten days thereafter, make a return and pay the tax due, unless an extension is granted under RCW 82.32.080.

(2) Any person who becomes a successor shall withhold from the purchase price a sum sufficient to pay any tax due from the taxpayer until such time as the taxpayer shall produce a receipt from the department of revenue showing

payment in full of any tax due or a certificate that no tax is due. If any tax is not paid by the taxpayer within ten days from the date of such sale, exchange, or disposal, the successor shall become liable for the payment of the full amount of tax. If the fair market value of the assets acquired by a successor is less than fifty thousand dollars, the successor's liability for payment of the unpaid tax is limited to the fair market value of the assets acquired from the taxpayer. The burden of establishing the fair market value of the assets acquired is on the successor.

(3) The payment of any tax by a successor shall, to the extent thereof, be deemed a payment upon the purchase price; and if such payment is greater in amount than the purchase price the amount of the difference shall become a debt due the successor from the taxpayer.

(4) No successor shall be liable for any tax due from the person from whom the successor has acquired a business or stock of goods if the successor gives written notice to the department of revenue of such acquisition and no assessment is issued by the department of revenue within six months of receipt of such notice against the former operator of the business and a copy thereof mailed to the successor or provided electronically to the successor in accordance with RCW 82.32.135.

Sec. 504. RCW 83.100.050 and 2005 c 516 s 5 are each amended to read as follows:

(1) A Washington return must be filed if: (a) A federal return is required to be filed; or (b) for decedents dying prior to January 1, 2006, the gross estate exceeds one million five hundred thousand dollars; or (c) for decedents dying on or after January 1, 2006, the gross estate exceeds two million dollars.

(2)(a) A person required to file a federal return shall file with the department on or before the date the federal return is required to be filed, including any extension of time for filing under subsection (4) or (6) of this section, a Washington return for the tax due under this chapter.

(b) If no federal return is required to be filed, a taxpayer shall file with the department on or before the date a federal return would have been required to be filed, including any extension of time for filing under subsection (5) or (6) of this section, a Washington return for the tax due under this chapter.

(3) A Washington return delivered to the department by United States mail shall be considered to have been received by the department on the date of the United States postmark stamped on the cover in which the return is mailed, if the postmark date is within the time allowed for filing the Washington return, including extensions.

(4) In addition to the Washington return required to be filed in subsection (2) of this section, a person, if required to file a federal return, shall file with the department on or before the date the federal return(;) is required to be filed a copy of the federal return along with all supporting documentation. If the person required to file the federal return has obtained an extension of time for filing the federal return, the person shall file the Washington return within the same time period and in the same manner as provided for the federal return. A copy of the federal extension shall be filed with the department on or before the date the Washington return is due, not including any extension of time for filing, or within thirty days of issuance, whichever is later.

(5) A person (~~(who is required to file a Washington return under subsection (2) of this section, but is not required to file a federal return,))~~ may obtain an extension of time for filing the Washington return as provided by rule of the department, if the person is required to file a Washington return under subsection (2) of this section, but is not required to file a federal return.

(6) During a state of emergency declared under RCW 43.06.010(12), the department, on its own motion or at the request of any taxpayer affected by the emergency, may extend the time for filing a Washington return under this section as the department deems proper.

Sec. 505. RCW 82.36.031 and 2007 c 515 s 8 are each amended to read as follows:

(1) For the purpose of determining the amount of liability for the tax imposed under this chapter, and to periodically update license information, each licensee, other than a motor vehicle fuel distributor or an international fuel tax agreement licensee, shall file monthly tax reports with the department, on a form prescribed by the department. An international fuel tax licensee shall file quarterly tax reports with the department, on a form prescribed by the department.

(2) A report shall be filed with the department even though no motor vehicle fuel tax is due for the reporting period. Each tax report shall contain a declaration by the person making the same, to the effect that the statements contained therein are true and made under penalties of perjury, which declaration has the same force and effect as a verification of the report and is in lieu of the verification. The report shall show information as the department may require for the proper administration and enforcement of this chapter. Tax reports shall be filed on or before the twenty-fifth day of the next succeeding calendar month following the period to which the reports relate. If the final filing date falls on a Saturday, Sunday, or legal holiday the next secular or business day shall be the final filing date.

(3) The department, if it deems it necessary in order to ensure payment of the tax imposed under this chapter, or to facilitate the administration of this chapter, may require the filing of reports and tax remittances at shorter intervals than one month.

(4) During a state of emergency declared under RCW 43.06.010(12), the department, on its own motion or at the request of any taxpayer affected by the emergency, may extend the time for filing any report or the due date for tax remittances as the department deems proper.

Sec. 506. RCW 82.38.150 and 2007 c 515 s 28 are each amended to read as follows:

(1) For the purpose of determining the amount of liability for the tax herein imposed, and to periodically update license information, each licensee, other than a special fuel distributor, an international fuel tax agreement licensee, or a dyed special fuel user, shall file monthly tax reports with the department, on forms prescribed by the department.

(2) Dyed special fuel users whose estimated yearly tax liability is two hundred fifty dollars or less, shall file a report yearly, and dyed special fuel users whose estimated yearly tax liability is more than two hundred fifty dollars, shall file reports quarterly. Special fuel users licensed under the international fuel tax

agreement shall file reports quarterly. Heating oil dealers subject to the pollution liability insurance agency fee and reporting requirements shall remit pollution liability insurance agency returns and any associated payment due to the department annually.

(3) The department shall establish the reporting frequency for each applicant at the time the special fuel license is issued. If it becomes apparent that any licensee is not reporting in accordance with the above schedule, the department shall change the licensee's reporting frequency by giving thirty days' notice to the licensee by mail to the licensee's address of record. A report shall be filed with the department even though no special fuel was used, or tax is due, for the reporting period. Each tax report shall contain a declaration by the person making the same, to the effect that the statements contained therein are true and are made under penalties of perjury, which declaration shall have the same force and effect as a verification of the report and is in lieu of such verification. The report shall show such information as the department may reasonably require for the proper administration and enforcement of this chapter. A licensee shall file a tax report on or before the twenty-fifth day of the next succeeding calendar month following the period to which it relates.

(4) Subject to the written approval of the department, tax reports may cover a period ending on a day other than the last day of the calendar month. Taxpayers granted approval to file reports in this manner will file such reports on or before the twenty-fifth day following the end of the reporting period. No change to this reporting period will be made without the written authorization of the department.

(5) If the final filing date falls on a Saturday, Sunday, or legal holiday the next secular or business day shall be the final filing date. Such reports shall be considered filed or received on the date shown by the post office cancellation mark stamped upon an envelope containing such report properly addressed to the department, or on the date it was mailed if proof satisfactory to the department is available to establish the date it was mailed.

(6) The department, if it deems it necessary in order to insure payment of the tax imposed by this chapter, or to facilitate the administration of this chapter, has the authority to require the filing of reports and tax remittances at shorter intervals than one month if, in its opinion, an existing bond has become insufficient.

(7) During a state of emergency declared under RCW 43.06.010(12), the department, on its own motion or at the request of any taxpayer affected by the emergency, may extend the time for filing any report or the due date for tax remittances as the department deems proper.

Sec. 507. RCW 82.42.040 and 1996 c 104 s 14 are each amended to read as follows:

The director shall by rule and regulation adopted as provided in chapter 34.05 RCW (Administrative Procedure Act) set up the necessary administrative procedure for collection by the department of the aircraft fuel excise tax as provided for in RCW 82.42.020, placing the responsibility of collection of said tax upon every distributor of aircraft fuel within the state; he may require the licensing of every distributor of aircraft fuel and shall require such a corporate surety bond or security of any distributor or person not otherwise bonded under provisions of chapter 82.36 RCW as is provided for distributors of motor vehicle

fuel under RCW 82.36.060; he shall provide such forms and may require such reports or statements as in his determination shall be necessary for the proper administration of this chapter. The director may require such records to be kept, and for such periods of time, as deemed necessary for the administration of this chapter, which records shall be available at all times for the director or his representative who may require a statement under oath as to the contents thereof. During a state of emergency declared under RCW 43.06.010(12), the director, on his or her own motion or at the request of any taxpayer affected by the emergency, may extend the time for filing any report or the due date for tax remittances as the director deems proper.

Every application for a distributor's license must contain the following information to the extent it applies to the applicant:

(1) Proof as the department may require concerning the applicant's identity, including but not limited to his or her fingerprints or those of the officers of a corporation making the application;

(2) The applicant's form and place of organization including proof that the individual, partnership, or corporation is licensed to do business in this state;

(3) The qualification and business history of the applicant and any partner, officer, or director;

(4) The applicant's financial condition or history including a bank reference and whether the applicant or any partner, officer, or director has ever been adjudged bankrupt or has an unsatisfied judgment in a federal or state court;

(5) Whether the applicant has been adjudged guilty of a crime that directly relates to the business for which the license is sought and the time elapsed since the conviction is less than ten years, or has suffered a judgment within the preceding five years in a civil action involving fraud, misrepresentation, or conversion and in the case of a corporation or partnership, all directors, officers, or partners.

After receipt of an application for a license, the director may conduct an investigation to determine whether the facts set forth are true. The director may require a fingerprint record check of the applicant through the Washington state patrol criminal identification system and the federal bureau of investigation before issuance of a license. The results of the background investigation including criminal history information may be released to authorized department personnel as the director deems necessary. The department shall charge a license holder or license applicant a fee of fifty dollars for each background investigation conducted.

An applicant who makes a false statement of a material fact on the application may be prosecuted for false swearing as defined by RCW 9A.72.040.

NEW SECTION. Sec. 508. A new section is added to chapter 82.50 RCW to read as follows:

During a state of emergency declared under RCW 43.06.010(12), the director, on his or her own motion or at the request of any taxpayer affected by the emergency, may grant extensions of the due date of any taxes payable under this chapter as the director deems proper.

NEW SECTION. Sec. 509. A new section is added to chapter 84.33 RCW to read as follows:

(1) A harvester may elect to calculate the tax imposed by this chapter in the manner provided in RCW 84.33.074 for an amount of timber that does not exceed five million board feet, if all of the following conditions are met:

(a) The timber is harvested after December 31, 2007, and before January 1, 2010;

(b) The timber is harvested on property within a county designated by the president of the United States as a disaster area as a result of severe storms and flooding that occurred in December 2007 and the county qualifies for individual assistance from the federal emergency management agency; and

(c) For any tax liability under this chapter incurred by the harvester in calendar years 2005, 2006, and 2007, the tax liability resulted from the felling, cutting, or taking of timber in an amount not exceeding two million board feet in each of those years.

(2) This section expires January 1, 2010.

Sec. 510. RCW 84.56.020 and 2007 c 105 s 2 are each amended to read as follows:

(1) The county treasurer shall be the receiver and collector of all taxes extended upon the tax rolls of the county, whether levied for state, county, school, bridge, road, municipal or other purposes, and also of all fines, forfeitures or penalties received by any person or officer for the use of his or her county. No treasurer shall accept tax payments or issue receipts for the same until the treasurer has completed the tax roll for the current year's collection and provided notification of the completion of the roll. Notification may be accomplished electronically, by posting a notice in the office, or through other written communication as determined by the treasurer. All taxes upon real and personal property made payable by the provisions of this title shall be due and payable to the treasurer on or before the thirtieth day of April and, except as provided in this section, shall be delinquent after that date.

(2) Each tax statement shall include a notice that checks for payment of taxes may be made payable to "Treasurer of County" or other appropriate office, but tax statements shall not include any suggestion that checks may be made payable to the name of the individual holding the office of treasurer nor any other individual.

(3) When the total amount of tax or special assessments on personal property or on any lot, block or tract of real property payable by one person is fifty dollars or more, and if one-half of such tax be paid on or before the thirtieth day of April, the remainder of such tax shall be due and payable on or before the thirty-first day of October following and shall be delinquent after that date.

(4) When the total amount of tax or special assessments on any lot, block or tract of real property or on any mobile home payable by one person is fifty dollars or more, and if one-half of such tax be paid after the thirtieth day of April but before the thirty-first day of October, together with the applicable interest and penalty on the full amount of tax payable for that year, the remainder of such tax shall be due and payable on or before the thirty-first day of October following and shall be delinquent after that date.

(5) Delinquent taxes under this section are subject to interest at the rate of twelve percent per annum computed on a monthly basis on the full year amount of tax unpaid from the date of delinquency until paid. Interest shall be calculated at the rate in effect at the time of payment of the tax, regardless of when the taxes

were first delinquent. In addition, delinquent taxes under this section are subject to penalties as follows:

(a) A penalty of three percent of the full year amount of tax unpaid shall be assessed on the tax delinquent on June 1st of the year in which the tax is due.

(b) An additional penalty of eight percent shall be assessed on the amount of tax delinquent on December 1st of the year in which the tax is due.

(6) Subsection (5) of this section notwithstanding, no interest or penalties may be assessed during any period of armed conflict on delinquent taxes imposed on the personal residences owned by active duty military personnel who are participating as part of one of the branches of the military involved in the conflict and assigned to a duty station outside the territorial boundaries of the United States.

(7) During a state of emergency declared under RCW 43.06.010(12), the county treasurer, on his or her own motion or at the request of any taxpayer affected by the emergency, may grant extensions of the due date of any taxes payable under this section as the treasurer deems proper.

(8) For purposes of this chapter, "interest" means both interest and penalties.

~~((8))~~ (9) All collections of interest on delinquent taxes shall be credited to the county current expense fund; but the cost of foreclosure and sale of real property, and the fees and costs of distraint and sale of personal property, for delinquent taxes, shall, when collected, be credited to the operation and maintenance fund of the county treasurer prosecuting the foreclosure or distraint or sale; and shall be used by the county treasurer as a revolving fund to defray the cost of further foreclosure, distraint and sale for delinquent taxes without regard to budget limitations.

Sec. 511. RCW 84.56.440 and 1993 c 33 s 6 are each amended to read as follows:

(1) The department of revenue shall collect all ad valorem taxes upon ships and vessels listed with the department in accordance with RCW 84.40.065 and all applicable interest and penalties.

The taxes shall be due and payable to the department on or before the thirtieth day of April and shall be delinquent after that date.

(2) If payment of the tax is not received by the department by the due date, there shall be imposed a penalty of five percent of the amount of the tax; and if the tax is not received within thirty days after the due date, there shall be imposed a total penalty of ten percent of the amount of the tax; and if the tax is not received within sixty days after the due date, there shall be imposed a total penalty of twenty percent of the amount of the tax. No penalty so added shall be less than five dollars.

(3) Delinquent taxes under this section are subject to interest at the rate set forth in RCW 82.32.050 from the date of delinquency until paid. Interest or penalties collected on delinquent taxes under this section shall be paid by the department into the general fund of the state treasury.

(4) If upon information obtained by the department it appears that any ship or vessel required to be listed according to the provisions of RCW 84.40.065 is not so listed, the department shall value the ship or vessel and assess against the owner of the vessel the taxes found to be due and shall add thereto interest at the rate set forth in RCW 82.32.050 from the original due date of the tax until the date of payment. The department shall notify the vessel owner by mail of the

amount and the same shall become due and shall be paid by the vessel owner within thirty days of the date of the notice. If payment is not received by the department by the due date specified in the notice, the department shall add a penalty of ten percent of the tax found due. A person who willfully gives a false listing or willfully fails to list a ship or vessel as required by RCW 84.40.065 shall be subject to the penalty imposed by RCW 84.40.130(2), which shall be assessed and collected by the department.

(5) Delinquent taxes under this section, along with all penalties and interest thereon, shall be collected by the department according to the procedures set forth in chapter 82.32 RCW for the filing and execution of tax warrants, including the imposition of warrant interest. In the event a warrant is issued by the department for the collection of taxes under this section, the department shall add a penalty of five percent of the amount of the delinquent tax, but not less than ten dollars.

(6) The department shall also collect all delinquent taxes pertaining to ships and vessels appearing on the records of the county treasurers for each of the counties of this state as of December 31, 1993, including any applicable interest or penalties. The provisions of subsection (5) of this section shall apply to the collection of such delinquent taxes.

(7) During a state of emergency declared under RCW 43.06.010(12), the department, on its own motion or at the request of any taxpayer affected by the emergency, may grant extensions of the due date of any taxes payable under this section as the department deems proper.

PART VI INDUSTRIAL ALCOHOL

Sec. 601. RCW 66.20.010 and 1998 c 126 s 1 are each amended to read as follows:

Upon application in the prescribed form being made to any employee authorized by the board to issue permits, accompanied by payment of the prescribed fee, and upon the employee being satisfied that the applicant should be granted a permit under this title, the employee shall issue to the applicant under such regulations and at such fee as may be prescribed by the board a permit of the class applied for, as follows:

(1) Where the application is for a special permit by a physician or dentist, or by any person in charge of an institution regularly conducted as a hospital or sanatorium for the care of persons in ill health, or as a home devoted exclusively to the care of aged people, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(2) Where the application is for a special permit by a person engaged within the state in mechanical or manufacturing business or in scientific pursuits requiring alcohol for use therein, or by any private individual, a special permit to purchase alcohol for the purpose named in the permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(3) Where the application is for a special permit to consume liquor at a banquet, at a specified date and place, a special permit to purchase liquor for consumption at such banquet, to such applicants as may be fixed by the board;

(4) Where the application is for a special permit to consume liquor on the premises of a business not licensed under this title, a special permit to purchase liquor for consumption thereon for such periods of time and to such applicants as may be fixed by the board;

(5) Where the application is for a special permit by a manufacturer to import or purchase within the state alcohol, malt, and other materials containing alcohol to be used in the manufacture of liquor, or other products, a special permit;

(6) Where the application is for a special permit by a person operating a drug store to purchase liquor at retail prices only, to be thereafter sold by such person on the prescription of a physician, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(7) Where the application is for a special permit by an authorized representative of a military installation operated by or for any of the armed forces within the geographical boundaries of the state of Washington, a special permit to purchase liquor for use on such military installation at prices to be fixed by the board;

(8) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to serve liquor without charge to delegates and guests at a convention of a trade association composed of licensees of the board, when the said liquor is served in a hospitality room or from a booth in a board-approved suppliers' display room at the convention, and when the liquor so served is for consumption in the said hospitality room or display room during the convention, anything in Title 66 RCW to the contrary notwithstanding. Any such spirituous liquor shall be purchased from the board or a spirits, beer, and wine restaurant licensee and any such beer and wine shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

(9) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate liquor for a reception, breakfast, luncheon, or dinner for delegates and guests at a convention of a trade association composed of licensees of the board, when the liquor so donated is for consumption at the said reception, breakfast, luncheon, or dinner during the convention, anything in Title 66 RCW to the contrary notwithstanding. Any such spirituous liquor shall be purchased from the board or a spirits, beer, and wine restaurant licensee and any such beer and wine shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

(10) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate and/or serve liquor without charge to delegates and guests at an international trade fair, show, or exposition held under the auspices of a federal, state, or local governmental entity or organized and promoted by a nonprofit organization, anything in Title 66 RCW to the contrary notwithstanding. Any such spirituous liquor shall be purchased from the board and any such beer or wine shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

(11) Where the application is for an annual special permit by a person operating a bed and breakfast lodging facility to donate or serve wine or beer without charge to overnight guests of the facility if the wine or beer is for consumption on the premises of the facility. "Bed and breakfast lodging facility," as used in this subsection, means a hotel or similar facility offering from one to eight lodging units and breakfast to travelers and guests.

Sec. 602. RCW 66.20.010 and 2007 c 370 s 16 are each amended to read as follows:

Upon application in the prescribed form being made to any employee authorized by the board to issue permits, accompanied by payment of the prescribed fee, and upon the employee being satisfied that the applicant should be granted a permit under this title, the employee shall issue to the applicant under such regulations and at such fee as may be prescribed by the board a permit of the class applied for, as follows:

(1) Where the application is for a special permit by a physician or dentist, or by any person in charge of an institution regularly conducted as a hospital or sanatorium for the care of persons in ill health, or as a home devoted exclusively to the care of aged people, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(2) Where the application is for a special permit by a person engaged within the state in mechanical or manufacturing business or in scientific pursuits requiring alcohol for use therein, or by any private individual, a special permit to purchase alcohol for the purpose named in the permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(3) Where the application is for a special permit to consume liquor at a banquet, at a specified date and place, a special permit to purchase liquor for consumption at such banquet, to such applicants as may be fixed by the board;

(4) Where the application is for a special permit to consume liquor on the premises of a business not licensed under this title, a special permit to purchase liquor for consumption thereon for such periods of time and to such applicants as may be fixed by the board;

(5) Where the application is for a special permit by a manufacturer to import or purchase within the state alcohol, malt, and other materials containing alcohol to be used in the manufacture of liquor, or other products, a special permit;

(6) Where the application is for a special permit by a person operating a drug store to purchase liquor at retail prices only, to be thereafter sold by such person on the prescription of a physician, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(7) Where the application is for a special permit by an authorized representative of a military installation operated by or for any of the armed forces within the geographical boundaries of the state of Washington, a special permit to purchase liquor for use on such military installation at prices to be fixed by the board;

(8) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to serve liquor without charge

to delegates and guests at a convention of a trade association composed of licensees of the board, when the said liquor is served in a hospitality room or from a booth in a board-approved suppliers' display room at the convention, and when the liquor so served is for consumption in the said hospitality room or display room during the convention, anything in Title 66 RCW to the contrary notwithstanding. Any such spirituous liquor shall be purchased from the board or a spirits, beer, and wine restaurant licensee and any such beer and wine shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

(9) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate liquor for a reception, breakfast, luncheon, or dinner for delegates and guests at a convention of a trade association composed of licensees of the board, when the liquor so donated is for consumption at the said reception, breakfast, luncheon, or dinner during the convention, anything in Title 66 RCW to the contrary notwithstanding. Any such spirituous liquor shall be purchased from the board or a spirits, beer, and wine restaurant licensee and any such beer and wine shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

(10) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate and/or serve liquor without charge to delegates and guests at an international trade fair, show, or exposition held under the auspices of a federal, state, or local governmental entity or organized and promoted by a nonprofit organization, anything in Title 66 RCW to the contrary notwithstanding. Any such spirituous liquor shall be purchased from the board and any such beer or wine shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

(11) Where the application is for an annual special permit by a person operating a bed and breakfast lodging facility to donate or serve wine or beer without charge to overnight guests of the facility if the wine or beer is for consumption on the premises of the facility. "Bed and breakfast lodging facility," as used in this subsection, means a facility offering from one to eight lodging units and breakfast to travelers and guests.

NEW SECTION. Sec. 603. Section 601 of this act expires July 1, 2008.

NEW SECTION. Sec. 604. Section 602 of this act takes effect July 1, 2008.

PART VII MISCELLANEOUS

NEW SECTION. Sec. 701. Part headings used in this act are not any part of the law.

Passed by the Senate March 11, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 182

[Substitute Senate Bill 5256]

PROPERTY TAX RELIEF—RETIRED PERSONS—VETERANS BENEFITS

AN ACT Relating to excluding veterans benefits from the income calculation for the retired person property tax relief program; amending RCW 84.36.383; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 84.36.383 and 2006 c 62 s 1 are each amended to read as follows:

As used in RCW 84.36.381 through 84.36.389, except where the context clearly indicates a different meaning:

(1) The term "residence" means a single family dwelling unit whether such unit be separate or part of a multiunit dwelling, including the land on which such dwelling stands not to exceed one acre, except that a residence includes any additional property up to a total of five acres that comprises the residential parcel if this larger parcel size is required under land use regulations. The term shall also include a share ownership in a cooperative housing association, corporation, or partnership if the person claiming exemption can establish that his or her share represents the specific unit or portion of such structure in which he or she resides. The term shall also include a single family dwelling situated upon lands the fee of which is vested in the United States or any instrumentality thereof including an Indian tribe or in the state of Washington, and notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a residence shall be deemed real property.

(2) The term "real property" shall also include a mobile home which has substantially lost its identity as a mobile unit by virtue of its being fixed in location upon land owned or leased by the owner of the mobile home and placed on a foundation (posts or blocks) with fixed pipe, connections with sewer, water, or other utilities. A mobile home located on land leased by the owner of the mobile home is subject, for tax billing, payment, and collection purposes, only to the personal property provisions of chapter 84.56 RCW and RCW 84.60.040.

(3) "Department" means the state department of revenue.

(4) "Combined disposable income" means the disposable income of the person claiming the exemption, plus the disposable income of his or her spouse, and the disposable income of each cotenant occupying the residence for the assessment year, less amounts paid by the person claiming the exemption or his or her spouse during the assessment year for:

(a) Drugs supplied by prescription of a medical practitioner authorized by the laws of this state or another jurisdiction to issue prescriptions;

(b) The treatment or care of either person received in the home or in a nursing home, boarding home, or adult family home; and

(c) Health care insurance premiums for medicare under Title XVIII of the social security act.

(5) "Disposable income" means adjusted gross income as defined in the federal internal revenue code, as amended prior to January 1, 1989, or such subsequent date as the director may provide by rule consistent with the purpose of this section, plus all of the following items to the extent they are not included in or have been deducted from adjusted gross income:

(a) Capital gains, other than gain excluded from income under section 121 of the federal internal revenue code to the extent it is reinvested in a new principal residence;

(b) Amounts deducted for loss;

(c) Amounts deducted for depreciation;

(d) Pension and annuity receipts;

(e) Military pay and benefits other than attendant-care and medical-aid payments;

(f) Veterans benefits, other than:

(i) Attendant-care ~~((and))~~ payments;

(ii) Medical-aid payments;

(iii) Disability compensation, as defined in Title 38, part 3, section 3.4 of the code of federal regulations, as of January 1, 2008; and

(iv) Dependency and indemnity compensation, as defined in Title 38, part 3, section 3.5 of the code of federal regulations, as of January 1, 2008;

(g) Federal social security act and railroad retirement benefits;

(h) Dividend receipts; and

(i) Interest received on state and municipal bonds.

(6) "Cotenant" means a person who resides with the person claiming the exemption and who has an ownership interest in the residence.

(7) "Disability" has the same meaning as provided in 42 U.S.C. Sec. 423(d)(1)(A) as amended prior to January 1, 2004, or such subsequent date as the director may provide by rule consistent with the purpose of this section.

NEW SECTION. Sec. 2. This act applies to taxes levied for collection in 2009 and thereafter.

Passed by the Senate February 19, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 183

[Senate Bill 6237]

LICENSE PLATES—ARMED FORCES AND VETERANS

AN ACT Relating to armed forces and veterans license plates; and amending RCW 46.16.30920, 46.16.30921, 43.60A.140, and 73.04.110.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 46.16.30920 and 2005 c 216 s 1 are each amended to read as follows:

(1) The legislature recognizes that the armed forces license plate collection has been reviewed and approved by the special license plate review board.

(2) The department shall issue a special license plate collection, approved by the special license plate review board and the legislature, recognizing the contribution of veterans, active duty military personnel, reservists, and members of the ~~((Washington))~~ national guard. The collection includes six separate designs, each containing a symbol representing a different branch of the armed forces to include army, navy, air force, marine corps, coast guard, and ~~((Washington))~~ national guard.

(3) Armed forces special license plates may be used in lieu of regular or personalized license plates for vehicles required to display one and two vehicle license plates, excluding vehicles registered under chapter 46.87 RCW, upon terms and conditions established by the department.

(4) Upon request, the department must make available to the purchaser, at no additional cost, a decal indicating the purchaser's military status. The department must work with the department of veterans affairs to establish a list of the decals to be made available. The list of available decals must include, but is not limited to, "veteran," "disabled veteran," "reservist," "retiree," or "active duty." The department may specify where the decal may be placed on the license plate. Decals are required to be made available only for standard six-inch by twelve-inch license plates.

(5) Armed forces license plates and decals are available only to veterans as defined in RCW 41.04.007, active duty military personnel, reservists, members of the (~~Washington~~) national guard, and the (~~spouses~~) families of (~~deceased~~) veterans and service members. Upon initial application, any purchaser requesting an armed forces license plate and decal will be required to show proof of eligibility by providing: A DD-214 or discharge papers if a veteran; a military identification or retired military identification card; or a declaration of fact attesting to the purchaser's eligibility as required under this section. "Family" or "families" means an individual's spouse, child, parent, sibling, aunt, uncle, or cousin. A child includes stepchild, adopted child, foster child, grandchild, and son or daughter-in-law. A parent includes stepparent, grandparent, and in-laws. A sibling includes brother, half brother, stepbrother, sister, half sister, stepsister, and brother or sister-in-law.

(6) The department of veterans affairs must enter into an agreement with the department to reimburse the department for the costs associated with providing military status decals described in subsection (4) of this section.

(7) Armed forces license plates are not available free of charge to disabled veterans, former prisoners of war, or spouses of deceased former prisoners of war under the privileges defined in RCW 73.04.110 and 73.04.115.

Sec. 2. RCW 46.16.30921 and 2005 c 216 s 2 are each amended to read as follows:

(1) "Armed forces license plate collection" means the collection of six separate license plate designs issued under RCW 46.16.30920. Each license plate design displays a symbol representing one of the five branches of the armed forces, and one representing the (~~Washington~~) national guard.

(2) Armed forces license plates are not available free of charge to disabled veterans, former prisoners of war, or spouses of deceased former prisoners of war under the privileges defined in RCW 73.04.110 and 73.04.115.

Sec. 3. RCW 43.60A.140 and 2005 c 216 s 4 are each amended to read as follows:

(1) The veterans stewardship account is created in the custody of the state treasurer. Disbursements of funds must be on the authorization of the director or the director's designee, and only for the purposes stated in subsection (4) of this section. In order to maintain an effective expenditure and revenue control, funds are subject in all respects to chapter 43.88 RCW, but no appropriation is required to permit expenditure of the funds.

(2) The department may request and accept nondedicated contributions, grants, or gifts in cash or otherwise, including funds generated by the issuance of the armed forces license plate collection under chapter 46.16 RCW.

(3) All receipts, except as provided in RCW 46.16.313(20) (a) and (b), from the sale of armed forces license plates must be deposited into the veterans stewardship account.

(4) All moneys deposited into the veterans stewardship account must be used by the department for activities that benefit veterans or their families, including but not limited to, providing programs and services for homeless veterans; establishing memorials honoring veterans; and maintaining a future state veterans' cemetery. Funds from the account may not be used to supplant existing funds received by the department.

Sec. 4. RCW 73.04.110 and 2005 c 216 s 6 are each amended to read as follows:

(1) Any person who is a veteran as defined in RCW 41.04.007 who submits to the department of licensing satisfactory proof of a service-connected disability rating from the veterans administration or the military service from which the veteran was discharged and:

(a) Has lost the use of both hands or one foot;

(b) Was captured and incarcerated (~~((for more than twenty-nine days))~~) by an enemy of the United States during a period of war with the United States and received a prisoner of war medal;

(c) Has become blind in both eyes as the result of military service; or

(d) Is rated by the veterans administration or the military service from which the veteran was discharged and is receiving service-connected compensation at the one hundred percent rate that is expected to exist for more than one year; is entitled to regular or special license plates issued by the department of licensing. The special license plates shall bear distinguishing marks, letters, or numerals indicating that the motor vehicle is owned by a disabled veteran or former prisoner of war. This license shall be issued annually for one personal use vehicle without payment of any license fees or excise tax thereon. Whenever any person who has been issued license plates under the provisions of this section applies to the department for transfer of the plates to a subsequently acquired motor vehicle, a transfer fee of ten dollars shall be charged in addition to all other appropriate fees. The department may periodically verify the one hundred percent rate as provided in subsection (1)(d) of this section.

(2) Any person who has been issued free motor vehicle license plates under this section prior to July 1, 1983, shall continue to be eligible for the annual free license plates.

(3) For the purposes of this section: (a) "Blind" means the definition of "blind" used by the state of Washington in determining eligibility for financial assistance to the blind under Title 74 RCW; and (b) "special license plates" does not include any plate from the armed forces license plate collection established in RCW 46.16.30920.

Any unauthorized use of a special plate is a gross misdemeanor.

Passed by the Senate February 19, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 27, 2008.
 Filed in Office of Secretary of State March 28, 2008.

CHAPTER 184

[Substitute House Bill 3283]

EXCISE TAXES—DELINQUENT—MILITARY PERSONNEL

AN ACT Relating to relieving active duty military personnel of interest and penalties on delinquent excise taxes; and adding a new section to chapter 82.32 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. **Sec. 1.** A new section is added to chapter 82.32 RCW to read as follows:

(1) Subject to the requirements in subsections (2) through (4) of this section, the department shall waive or cancel interest and penalties imposed under this chapter if the interest and penalties are:

- (a) Imposed during any period of armed conflict; and
- (b) Imposed on a taxpayer where a majority owner of the taxpayer is an individual who is on active duty in the military, and the individual is participating in a conflict and assigned to a duty station outside the territorial boundaries of the United States.

(2) To receive a waiver or cancellation of interest and penalties under this section, the taxpayer must submit to the department a copy of the individual's deployment orders for deployment outside the territorial boundaries of the United States.

(3) The department may not waive or cancel interest and penalties under this section if the gross income of the business exceeded one million dollars in the calendar year prior to the individual's initial deployment outside the United States for the armed conflict. The department may not waive or cancel interest and penalties under this section for a taxpayer for more than twenty-four months.

(4) During any period of armed conflict, for any notice sent to a taxpayer that requires a payment of interest, penalties, or both, the notice must clearly indicate on or in the notice that interest and penalties may be waived under this section for qualifying taxpayers.

Passed by the House March 8, 2008.

Passed by the Senate March 5, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 185

[Engrossed House Bill 1283]

ARMED FORCES—HIGH SCHOOL DIPLOMAS

AN ACT Relating to high school diplomas for persons who leave school before graduation to serve in the United States armed forces; and amending RCW 28A.230.120.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28A.230.120 and 2003 c 234 s 1 are each amended to read as follows:

(1) School districts shall issue diplomas to students signifying graduation from high school upon the students' satisfactory completion of all local and state graduation requirements. Districts shall grant students the option of receiving a final transcript in addition to the regular diploma.

(2) School districts or schools of attendance shall establish policies and procedures to notify senior students of the transcript option and shall direct students to indicate their decisions in a timely manner. School districts shall make appropriate provisions to assure that students who choose to receive a copy of their final transcript shall receive such transcript after graduation.

(3)(a) A school district may issue a high school diploma to a person who:

(i) Is an honorably discharged member of the armed forces of the United States; and

(ii) ~~((Was scheduled to graduate from high school in the years 1940 through 1955; and~~

~~((iii)))~~ Left high school before graduation to serve in World War II, ~~((or))~~ the Korean conflict, or the Vietnam era as defined in RCW 41.04.005.

(b) A school district may issue a diploma to or on behalf of a person otherwise eligible under (a) of this subsection notwithstanding the fact that the person holds a high school equivalency certification or is deceased.

(c) The superintendent of public instruction shall adopt a form for a diploma application to be used by a veteran or a person acting on behalf of a deceased veteran under this subsection (3). The superintendent of public instruction shall specify what constitutes acceptable evidence of eligibility for a diploma.

Passed by the House January 23, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 186

[Substitute House Bill 2580]

STATE EMPLOYEES—ACTIVE MILITARY DUTY—PAYDATES

AN ACT Relating to paydates for employees participating in state active military duty; and amending RCW 42.16.010.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 42.16.010 and 2004 c 56 s 1 are each amended to read as follows:

(1) Except as provided otherwise in subsections (2) and (3) of this section, all state officers and employees shall be paid for services rendered from the first day of the month through the fifteenth day of the month and for services rendered from the sixteenth day of the month through the last calendar day of the month. Paydates for these two pay periods shall be established by the director of financial management through the administrative hearing process and the official paydates shall be established six months prior to the beginning of each subsequent calendar year. Under no circumstance shall the paydate be established more than ten days after the pay period in which the wages are earned except when the designated paydate falls on Sunday, in which case the paydate shall not be later than the following Monday. Payment shall be deemed

to have been made by the established paydates if: (a) The salary warrant is available at the geographic work location at which the warrant is normally available to the employee; or (b) the salary has been electronically transferred into the employee's account at the employee's designated financial institution; or (c) the salary warrants are mailed at least two days before the established paydate for those employees engaged in work in remote or varying locations from the geographic location at which the payroll is prepared, provided that the employee has requested payment by mail.

The office of financial management shall develop the necessary policies and operating procedures to assure that all remuneration for services rendered including basic salary, shift differential, standby pay, overtime, penalty pay, salary due based on contractual agreements, and special pay provisions, as provided for by law, Washington personnel resources board rules, agency policy or rule, or contract, shall be available to the employee on the designated paydate. Overtime, penalty pay, and special pay provisions may be paid by the next following paydate if the postponement of payment is attributable to: The employee's not making a timely or accurate report of the facts which are the basis for the payment, or the employer's lack of reasonable opportunity to verify the claim.

Compensable benefits payable because of separation from state service shall be paid with the earnings for the final period worked unless the employee separating has not provided the agency with the proper notification of intent to terminate.

One-half of the employee's basic monthly salary shall be paid in each pay period. Employees paid on an hourly basis or employees who work less than a full pay period shall be paid for actual salary earned.

(2) Subsection (1) of this section shall not apply in instances where it would conflict with contractual rights or, with the approval of the office of financial management, to short-term, intermittent, noncareer state employees, to student employees of institutions of higher education, to national or state guard members participating in state active duty, and to liquor control agency managers who are paid a percentage of monthly liquor sales.

(3) When a national or state guard member is called to participate in state active duty, the paydate shall be no more than seven days following completion of duty or the end of the pay period, whichever is first. When the seventh day falls on Sunday, the paydate shall not be later than the following Monday. This subsection shall apply only to the pay a national or state guard member receives from the military department for state active duty.

(4) Notwithstanding subsections (1) and (2) of this section, a bargained contract at an institution of higher education may include a provision for paying part-time academic employees on a pay schedule that coincides with all the paydays used for full-time academic employees.

Passed by the House February 15, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 187

[Engrossed House Bill 3360]

TIME CERTIFICATE OF DEPOSIT INVESTMENT PROGRAM

AN ACT Relating to the time certificate of deposit investment program; amending RCW 43.60A.190, 43.86A.030, and 43.86A.060; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 43.60A.190 and 2007 c 11 s 1 are each amended to read as follows:

- (1) The department shall:
 - (a) Develop and maintain a current list of veteran-owned businesses; and
 - (b) Make the list available on the department's public web site.
- (2) ~~((In order))~~ To qualify as a veteran-owned business, the business must be at least fifty-one percent owned and controlled by:
 - (a) A veteran as defined in RCW 41.04.007; or
 - (b) An active or reserve member in any branch of the armed forces of the United States, including the national guard, coast guard, and armed forces reserves.
- (3) To participate in the linked deposit program under chapter 43.86A RCW, a veteran-owned business qualified under this section must be certified by the department as a business:
 - (a) In which the veteran owner possesses and exercises sufficient expertise specifically in the business's field of operation to make decisions governing the long-term direction and the day-to-day operations of the business;
 - (b) That is organized for profit and performing a commercially useful function; and
 - (c) That meets the criteria for a small business concern as established under chapter 39.19 RCW.
- (4) The department shall create a logo for the purpose of identifying veteran-owned businesses to the public. The department shall put the logo on an adhesive sticker or decal suitable for display in a business window and distribute the stickers or decals to veteran-owned businesses listed with the department.
- ~~((4))~~ (5)(a) Businesses may submit an application on a form prescribed by the department for inclusion on the list or to apply for certification under this section.
 - (b) The department must notify the state treasurer of veteran-owned businesses that are no longer certified under this section. The written notification to the state treasurer must contain information regarding the reasons for the decertification and information on financing provided to the veteran-owned business under RCW 43.86A.060.
- ~~((5))~~ (6) The department may adopt rules necessary to implement this section.

Sec. 2. RCW 43.86A.030 and 2007 c 500 s 1 are each amended to read as follows:

- (1) Funds held in public depositories not as demand deposits as provided in RCW 43.86A.020 and 43.86A.030, shall be available for a time certificate of deposit investment program according to the following formula: The state treasurer shall apportion to all participating depositories an amount equal to five percent of the three year average mean of general state revenues as certified in

accordance with Article VIII, section 1(b) of the state Constitution, or fifty percent of the total surplus treasury investment availability, whichever is less. Within thirty days after certification, those funds determined to be available according to this formula for the time certificate of deposit investment program shall be deposited in qualified public depositories. These deposits shall be allocated among the participating depositories on a basis to be determined by the state treasurer.

(2) Of all funds available under this section, the state treasurer may use up to one hundred ((fifty)) ~~seventy-five~~ million dollars per year ((of all funds available under this section)) for the purposes of RCW 43.86A.060(2)(c)(i) and up to fifteen million dollars per year for the purposes of RCW 43.86A.060(2)(c)(ii). The amounts made available to these public depositories shall be equal to the amounts of outstanding loans made under RCW 43.86A.060.

(3) The formula so devised shall be a matter of public record giving consideration to, but not limited to deposits, assets, loans, capital structure, investments or some combination of these factors. However, if in the judgment of the state treasurer the amount of allocation for certificates of deposit as determined by this section will impair the cash flow needs of the state treasury, the state treasurer may adjust the amount of the allocation accordingly.

Sec. 3. RCW 43.86A.060 and 2007 c 500 s 2 are each amended to read as follows:

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

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

(a) Having terms that do not exceed ten years;

(b) Where an individual loan does not exceed one million dollars;

(c)(i) That are made to a minority or women's business enterprise that has received state certification under chapter 39.19 RCW; or

(ii) That are made to a veteran-owned business that has received state certification under RCW 43.60A.190;

(d) Where the interest rate on the loan to the minority or women's business enterprise or veteran-owned business does not exceed an interest rate that is two hundred basis points below the interest rate the qualified public depository would charge for a loan for a similar purpose and a similar term, except that, if the preference given by the state treasurer to the qualified public depository under subsection (3) of this section is less than two hundred basis points, the qualified public depository may reduce the preference given on the loan by an amount that corresponds to the reduction in preference below two hundred basis points given to the qualified public depository; and

(e) Where the points or fees charged at loan closing do not exceed one percent of the loan amount.

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

(4) Upon notification by the state treasurer that a minority or women's business enterprise is no longer certified under chapter 39.19 RCW or that a veteran-owned business is no longer certified under RCW 43.60A.190, the qualified public depository shall reduce the amount of qualifying loans by the outstanding balance of the loan made under this section to the minority or women's business enterprise or the veteran-owned business, as applicable.

(5) The office of minority and women's business enterprises has the authority to adopt rules to:

(a) Ensure that when making a qualified loan under the linked deposit program, businesses that have never received a loan under the linked deposit program are given first priority;

(b) Limit the total principal loan amount that any one business receives in qualified loans under the linked deposit program over the lifetime of the businesses;

(c) Limit the total principal loan amount that an owner of one or more businesses receives in qualified loans under the linked deposit program during the owner's lifetime; and

(d) Limit the total amount of any one qualified loan made under the linked deposit program.

NEW SECTION. Sec. 4. The department of veterans affairs shall report to the governor and appropriate committees of the legislature by December 1, 2008, on the progress made in implementing this act.

Passed by the House March 12, 2008.

Passed by the Senate March 11, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 188

[Engrossed Substitute Senate Bill 6371]

VETERANS' FAMILIES—TUITION WAIVERS

AN ACT Relating to tuition and fee waivers for veterans' families; amending RCW 28B.15.621 and 28B.15.385; and reenacting and amending RCW 28B.15.910.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28B.15.621 and 2007 c 450 s 1 are each amended to read as follows:

(1) The legislature finds that active military and naval veterans, reserve military and naval veterans, and national guard members called to active duty have served their country and have risked their lives to defend the lives of all Americans and the freedoms that define and distinguish our nation. The legislature intends to honor active military and naval veterans, reserve military and naval veterans, and national guard members who have served on active military or naval duty for the public service they have provided to this country.

(2) Subject to the limitations in RCW 28B.15.910, the governing boards of the state universities, the regional universities, The Evergreen State College, and the community colleges, may waive all or a portion of tuition and fees for an eligible veteran or national guard member.

(3) The governing boards of the state universities, the regional universities, The Evergreen State College, and the community colleges, may waive all or a portion of tuition and fees for a military or naval veteran who is a Washington domiciliary, but who did not serve on foreign soil or in international waters or in another location in support of those serving on foreign soil or in international waters and who does not qualify as an eligible veteran or national guard member under subsection (8) of this section. However, there shall be no state general fund support for waivers granted under this subsection.

(4) Subject to the conditions in subsection (5) of this section and the limitations in RCW 28B.15.910, the governing boards of the state universities, the regional universities, The Evergreen State College, and the community colleges, shall waive all tuition and fees for the following persons:

(a) A child and the spouse or surviving spouse of an eligible veteran or national guard member who became totally disabled, as defined in RCW 28B.15.385 ~~((while engaged))~~, as a result of serving in active federal military or naval service, or who is determined by the federal government to be a prisoner of war or missing in action; and

(b) A child and the surviving spouse of an eligible veteran or national guard member who lost his or her life ~~((while engaged))~~ as a result of serving in active federal military or naval service.

(5) The conditions in this subsection (5) apply to waivers under subsection (4) of this section.

(a) A child must be a Washington domiciliary between the age of seventeen and twenty-six to be eligible for the tuition waiver. A child's marital status does not affect eligibility.

(b)(i) A surviving spouse must be a Washington domiciliary.

(ii) Except as provided in (b)(iii) of this subsection, a surviving spouse has ten years from the date of the death, total disability ~~((as defined in RCW 28B.15.385))~~, or federal determination of prisoner of war or missing in action status of the eligible veteran or national guard member to receive ~~((the))~~ benefits under the waiver. Upon remarriage, the surviving spouse is ineligible for the waiver of all tuition and fees.

(iii) If a death results from total disability, the surviving spouse has ten years from the date of death in which to receive benefits under the waiver.

(c) Each recipient's continued participation is subject to the school's satisfactory progress policy.

(d) Tuition waivers for graduate students are not required for those who qualify under subsection (4) of this section but are encouraged.

(e) Recipients who receive a waiver under subsection (4) of this section may attend full-time or part-time. Total credits earned using the waiver may not exceed two hundred quarter credits, or the equivalent of semester credits.

(6) Required waivers of all tuition and fees under subsection (4) of this section shall not affect permissive waivers of tuition and fees under subsection (3) of this section.

(7) Private vocational schools and private higher education institutions are encouraged to provide waivers consistent with the terms in subsections (2) through (5) of this section.

(8) The definitions in this subsection apply throughout this section.

(a) "Eligible veteran or national guard member" means a Washington domiciliary who was an active or reserve member of the United States military or naval forces, or a national guard member called to active duty, who served in active federal service, under either Title 10 or Title 32 of the United States Code, in a war or conflict fought on foreign soil or in international waters or in another location in support of those serving on foreign soil or in international waters, and if discharged from service, has received an honorable discharge.

(b) "Totally disabled" means a person who has been determined to be one hundred percent disabled by the federal department of veterans affairs.

(c) "Washington domiciliary" means a person whose true, fixed, and permanent house and place of habitation is the state of Washington. "Washington domiciliary" includes a person who is residing in rental housing or residing in base housing. In ascertaining whether a child or surviving spouse is domiciled in the state of Washington, public institutions of higher education shall, to the fullest extent possible, rely upon the standards provided in RCW 28B.15.013.

(9) As used in subsection (4) of this section, "fees" includes all assessments for costs incurred as a condition to a student's full participation in coursework and related activities at an institution of higher education.

(10) The governing boards of the state universities, the regional universities, The Evergreen State College, and the community colleges shall report to the higher education committees of the legislature by November 15, 2010, and every two years thereafter, regarding the status of implementation of the waivers under subsection (4) of this section. The reports shall include the following data and information:

(a) Total number of waivers;

(b) Total amount of tuition waived;

(c) Total amount of fees waived;

(d) Average amount of tuition and fees waived per recipient;

(e) Recipient demographic data that is disaggregated by distinct ethnic categories within racial subgroups; and

(f) Recipient income level, to the extent possible.

Sec. 2. RCW 28B.15.385 and 2007 c 450 s 3 are each amended to read as follows:

For the purposes of RCW 28B.15.380(=) and 28B.15.520(~~—and 28B.15.621~~), the phrase "totally disabled" means a person who has become totally and permanently disabled for life by bodily injury or disease, and is thereby prevented from performing any occupation or gainful pursuit.

Sec. 3. RCW 28B.15.910 and 2007 c 522 s 948 and 2007 c 450 s 2 are each reenacted and amended to read as follows:

(1) For the purpose of providing state general fund support to public institutions of higher education, except for revenue waived under programs listed in subsections (3) and (4) of this section, and unless otherwise expressly provided in the omnibus state appropriations act, the total amount of operating

fees revenue waived, exempted, or reduced by a state university, a regional university, The Evergreen State College, or the community colleges as a whole, shall not exceed the percentage of total gross authorized operating fees revenue in this subsection. As used in this section, "gross authorized operating fees revenue" means the estimated gross operating fees revenue as estimated under RCW 82.33.020 or as revised by the office of financial management, before granting any waivers. This limitation applies to all tuition waiver programs established before or after July 1, 1992.

- | | |
|-----------------------------------|------------|
| (a) University of Washington | 21 percent |
| (b) Washington State University | 20 percent |
| (c) Eastern Washington University | 11 percent |
| (d) Central Washington University | 10 percent |
| (e) Western Washington University | 10 percent |
| (f) The Evergreen State College | 10 percent |
| (g) Community colleges as a whole | 35 percent |

(2) The limitations in subsection (1) of this section apply to waivers, exemptions, or reductions in operating fees contained in the following:

- (a) RCW 28B.15.014;
- (b) RCW 28B.15.100;
- (c) RCW 28B.15.225;
- (d) RCW 28B.15.380;
- (e) RCW 28B.15.520;
- (f) RCW 28B.15.526;
- (g) RCW 28B.15.527;
- (h) RCW 28B.15.543;
- (i) RCW 28B.15.545;
- (j) RCW 28B.15.555;
- (k) RCW 28B.15.556;
- (l) RCW 28B.15.615;
- (m) RCW 28B.15.621 (2) and (4);
- (n) RCW 28B.15.730;
- (o) RCW 28B.15.740;
- (p) RCW 28B.15.750;
- (q) RCW 28B.15.756;
- (r) RCW 28B.50.259; and
- (s) RCW 28B.70.050.

(3) The limitations in subsection (1) of this section do not apply to waivers, exemptions, or reductions in services and activities fees contained in the following:

- (a) RCW 28B.15.522;
- (b) RCW 28B.15.540;
- (c) RCW 28B.15.558; and
- (d) RCW 28B.15.621(3) (~~and (4)~~).

(4) The total amount of operating fees revenue waived, exempted, or reduced by institutions of higher education participating in the western interstate commission for higher education western undergraduate exchange program under RCW 28B.15.544 shall not exceed the percentage of total gross authorized operating fees revenue in this subsection.

- | | |
|---------------------------------|-----------|
| (a) Washington State University | 1 percent |
|---------------------------------|-----------|

- (b) Eastern Washington University 3 percent
- (c) Central Washington University 3 percent

(5) The institutions of higher education will participate in outreach activities to increase the number of veterans who receive tuition waivers. Colleges and universities shall revise the application for admissions so that all applicants shall have the opportunity to advise the institution that they are veterans who need assistance. If a person indicates on the application for admissions that the person is a veteran who is in need of assistance, then the institution of higher education shall ask the person whether they have any funds disbursed in accordance with the Montgomery GI Bill available to them. Each institution shall encourage veterans to utilize funds available to them in accordance with the Montgomery GI Bill prior to providing the veteran a tuition waiver.

Passed by the Senate March 12, 2008.

Passed by the House March 11, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 189

[Substitute Senate Bill 6426]

INTERSTATE COMPACT ON EDUCATIONAL OPPORTUNITY FOR MILITARY CHILDREN

AN ACT Relating to an interstate compact on educational opportunity for military children; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. (1) The office of the superintendent of public instruction shall convene and support a task force to review and make recommendations regarding the interstate compact on educational opportunity for military children. Education committee staff from senate committee services and house of representatives office of program research shall provide support to the legislative members of the task force.

(2) The task force shall review the compact and issue a final report on the following, at a minimum:

(a) Which components of the compact are currently being substantially implemented in Washington and which are not;

(b) The implications of and the interplay between the compact and applicable federal education law;

(c) The implications of and the interplay between the compact and applicable state education law; and

(d) The legal obligations that the compact would impose on the state if it were to be adopted.

(3) The task force shall also address any provisions within the compact that raise concerns of the task force members and shall make recommendations on how to address those concerns within the final report.

(4) The task force shall include the following members:

(a) Four legislative members, including one member appointed by the president of the senate from each of the two largest caucuses of the senate, and one member appointed by the speaker of the house of representatives from each of the two largest caucuses of the house of representatives;

- (b) The attorney general or a designee;
 - (c) A representative from the United States department of defense;
 - (d) The superintendent of public instruction or a designee;
 - (e) A representative from each educational service district;
 - (f) A superintendent from a school district with a high concentration of military children; and
 - (g) A representative of the state board of education.
- (5) Legislative members of the task force shall be reimbursed for travel expenses under RCW 44.04.120. Nonlegislative members are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.
- (6) The task force shall present its final report of findings and conclusions, including recommendations for legislative action if necessary, to the appropriate committees of the legislature by December 1, 2008.

Passed by the Senate March 13, 2008.

Passed by the House March 7, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 190

[House Bill 2781]

HIGH SCHOOL GRADUATION REQUIREMENTS—STATE HISTORY AND GOVERNMENT

AN ACT Relating to enhancing Washington state history and government course requirements for high school graduation; adding a new section to chapter 28A.230 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The study of the state's history and government is vital to providing a well-rounded education to students. It is important for students to have a firm understanding of where we have come from as a state and the institutions that guide and serve citizens of the state. It is equally important to provide students with context for the information that enables them to apply it to the present and future, with an understanding of Washington's place in our country and the broader global community.

The legislature finds that the current high school graduation requirements for coursework in Washington state history and government should be enhanced to ensure students understand the complex issues of today's world and Washington's place in the global community. It is therefore the intent of the legislature to modernize high school graduation requirements for coursework in Washington state history and government.

NEW SECTION. Sec. 2. A new section is added to chapter 28A.230 RCW to read as follows:

Beginning with the 2009-10 school year, school districts shall ensure that any course in Washington state history and government offered to fulfill high school requirements includes, but is not limited to, the following content:

- (1) Commerce in Washington state and Washington's place in a global economy;

(2) The Constitution of the state of Washington and Washington state politics. Educators are encouraged to incorporate instruction on the meaning and history of the pledge of allegiance into existing coursework on state politics. The superintendent of public instruction shall adopt rules to provide guidance for complying with this subsection;

- (3) Washington state geography; and
- (4) Washington state history and culture.

Passed by the House March 8, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 191

[Substitute House Bill 2779]

WILD HUCKLEBERRIES—SALE

AN ACT Relating to the sale of wild huckleberries; amending RCW 76.48.050, 76.48.060, 76.48.085, 76.48.086, 76.48.110, 76.48.120, 76.48.200, and 76.48.020; and adding a new section to chapter 76.48 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. **Sec. 1.** A new section is added to chapter 76.48 RCW to read as follows:

(1) Except as otherwise provided in this section, no person may sell, or attempt to sell, any amount of raw or unprocessed huckleberries without first obtaining a specialized forest products permit as provided in RCW 76.48.060, regardless if the huckleberries were harvested with the consent of the landowner.

(2) If the possessor of the huckleberries being offered for sale is able to show that the huckleberries originated on land owned by the United States forest service, then the requirements of this section may be satisfied with the display of a valid permit from the United States forest service that lawfully entitles the possessor to harvest the huckleberries in question.

(3) Nothing in this section creates a requirement that a specialized forest products permit is required for an individual to harvest, possess, or transport huckleberries.

(4) Compliance with this section allows an individual to sell, or offer for sale, raw or unprocessed huckleberries. Possession of a specialized forest products permit does not create a right or privilege to harvest huckleberries. Huckleberries may be harvested only with the permission of the landowner and under the terms and conditions established between the landowner and the harvester.

Sec. 2. RCW 76.48.050 and 2005 c 401 s 2 are each amended to read as follows:

(1) Except as otherwise provided in subsection (3) of this section, specialized forest products permits shall consist of properly completed permit forms validated by the sheriff of the county in which the specialized forest products are to be harvested. Each permit shall be separately numbered and the issuance of the permits shall be by consecutive numbers. All specialized forest

products permits shall expire at the end of the calendar year in which issued, or sooner, at the discretion of the ~~((permittor [permittor]))~~ permittor.

(2) A properly completed specialized forest products permit form shall include:

~~((1))~~ (a) The date of its execution and expiration;

~~((2))~~ (b) The name, address, telephone number, if any, and signature of the ~~((permittor [permittor]))~~ permittor;

~~((3))~~ (c) The name, address, telephone number, if any, and signature of the permittee;

~~((4))~~ (d) The type of specialized forest products to be harvested or transported;

~~((5))~~ (e) The approximate amount or volume of specialized forest products to be harvested or transported;

~~((6))~~ (f) The legal description of the property from which the specialized forest products are to be harvested or transported, including the name of the county, or the state or province if outside the state of Washington;

~~((7))~~ (g) A description by local landmarks of where the harvesting is to occur, or from where the specialized forest products are to be transported;

~~((8))~~ (h) For cedar products, cedar salvage, and specialty wood, a copy of a map or aerial photograph, with defined permitted boundaries, included as an attachment to the permit;

~~((9))~~ (i) A copy of a valid picture identification; and

~~((10))~~ (j) Any other condition or limitation which the ~~((permittor [permittor]))~~ permittor may specify.

(3) For permits intended to satisfy the requirements of section 1 of this act relating only to the sale of huckleberries, the specialized forest products permit:

(a) May be obtained from the department of natural resources or the sheriff of any county in the state;

(b) Must, in addition to the requirements of subsection (2) of this section, also contain information relating to where the huckleberries were, or plan to be, harvested, and the approximate amount of huckleberries that are going to be offered for sale; and

(c) Must include a statement designed to inform the possessor that permission from the landowner is still required prior to the harvesting of huckleberries.

(4) Except for the harvesting of Christmas trees, the permit or true copy thereof must be carried by the permittee and the permittee's agents and be available for inspection at all times. For the harvesting of Christmas trees only a single permit or true copy thereof is necessary to be available at the harvest site.

Sec. 3. RCW 76.48.060 and 2005 c 401 s 3 are each amended to read as follows:

(1) A specialized forest products permit validated by the county sheriff shall be obtained by a person prior to:

(a) Harvesting from any lands, including his or her own, more than five Christmas trees, more than five native ornamental trees or shrubs, more than five pounds of cut or picked evergreen foliage, any cedar products, cedar salvage, processed cedar products, or more than five pounds of Cascara bark, or more than five United States gallons of a single species of wild edible mushroom; or

(b) Selling, or offering for sale, any amount of raw or unprocessed huckleberries.

(2) Specialized forest products permit forms shall be provided by the department of natural resources, and shall be made available through the office of the county sheriff to permittees or ~~((permitters [permitters]))~~ permitters in reasonable quantities. A permit form shall be completed in triplicate for each ~~((permitter's [permitter's]))~~ permitter's property on which a permittee harvests specialized forest products. A properly completed permit form shall be mailed or presented for validation to the sheriff of the county in which the specialized forest products are to be harvested.

(3) Before a permit form is validated by the sheriff, sufficient personal identification may be required to reasonably identify the person mailing or presenting the permit form and the sheriff may conduct other investigations as deemed necessary to determine the validity of the information alleged on the form. When the sheriff is reasonably satisfied as to the truth of the information, the form shall be validated with the sheriff's validation stamp.

(4) Upon validation, the form shall become the specialized forest products permit authorizing the harvesting, possession, or transportation of specialized forest products and the sale of huckleberries, subject to any other conditions or limitations which the ~~((permitter [permitter]))~~ permitter may specify. Two copies of the permit shall be given or mailed to the ~~((permitter [permitter]))~~ permitter, or one copy shall be given or mailed to the ~~((permitter [permitter]))~~ permitter and the other copy given or mailed to the permittee. The original permit shall be retained in the office of the county sheriff validating the permit.

(5) In the event a single land ownership is situated in two or more counties, a specialized forest product permit shall be completed as to the land situated in each county.

(6) While engaged in harvesting of specialized forest products, permittees, or their agents or employees, must have readily available at each harvest site a valid permit or true copy of the permit.

Sec. 4. RCW 76.48.085 and 2005 c 401 s 6 are each amended to read as follows:

(1) Buyers who purchase specialized forest products or huckleberries are required to record:

~~((1))~~ (a) The permit number;

~~((2))~~ (b) The type of forest product purchased, and whether huckleberries were purchased;

~~((3))~~ (c) The permit holder's name; and

~~((4))~~ (d) The amount of forest product or huckleberries purchased.

(2) The buyer or processor shall keep a record of this information for a period of one year from the date of purchase and must make the records available for inspection upon demand by authorized enforcement officials.

(3) The buyer of specialized forest products must record the license plate number of the vehicle transporting the forest products or huckleberries on the bill of sale, as well as the seller's permit number on the bill of sale. This section shall not apply to transactions involving Christmas trees.

(4) This section shall not apply to buyers of specialized forest products at the retail sales level.

Sec. 5. RCW 76.48.086 and 1995 c 366 s 16 are each amended to read as follows:

Records of buyers of specialized forest products and huckleberries collected under the requirements of RCW 76.48.085 may be made available to colleges and universities for the purpose of research.

Sec. 6. RCW 76.48.110 and 2005 c 401 s 11 are each amended to read as follows:

(1) Whenever any law enforcement officer has probable cause to believe that a person is harvesting or is in possession of or transporting specialized forest products, or selling or attempting to sell huckleberries, in violation of the provisions of this chapter, he or she may, at the time of making an arrest, seize and take possession of any specialized forest products or huckleberries found. If the specialized forest product is a cedar product, cedar salvage, or specialty wood, at the time of making an arrest the law enforcement officer may seize and take possession of any equipment, vehicles, tools, or paperwork. The law enforcement officer shall provide reasonable protection for the equipment, vehicles, tools, paperwork, or specialized forest products involved during the period of litigation or he or she shall dispose of the equipment, vehicles, tools, paperwork, or specialized forest products at the discretion or order of the court before which the arrested person is ordered to appear.

(2) Upon any disposition of the case by the court, the court shall make a reasonable effort to return the equipment, vehicles, tools, paperwork, huckleberries, or specialized forest products to its rightful owner or pay the proceeds of any sale of specialized forest products or huckleberries less any reasonable expenses of the sale to the rightful owner. If for any reason, the proceeds of the sale cannot be disposed of to the rightful owner, the proceeds, less the reasonable expenses of the sale, shall be paid to the treasurer of the county in which the violation occurred. The county treasurer shall deposit the same in the county general fund. The return of the equipment, vehicles, tools, paperwork, or specialized forest products or the payment of the proceeds of any sale of products seized to the owner shall not preclude the court from imposing any fine or penalty upon the violator for the violation of the provisions of this chapter.

Sec. 7. RCW 76.48.120 and 2003 c 53 s 373 are each amended to read as follows:

(1) It is unlawful for any person, upon official inquiry, investigation, or other authorized proceedings, to offer as genuine any paper, document, or other instrument in writing purporting to be a specialized forest products permit, or true copy thereof, authorization, sales invoice, or bill of lading, or to make any representation of authority to possess or conduct harvesting or transporting of specialized forest products, or the sale of huckleberries, knowing the same to be in any manner false, fraudulent, forged, or stolen.

(2) Any person who knowingly or intentionally violates this section is guilty of a class C felony punishable by imprisonment in a state correctional institution for a maximum term fixed by the court of not more than five years or by a fine of not more than five thousand dollars, or by both imprisonment and fine.

(3) Whenever any law enforcement officer reasonably suspects that a specialized forest products permit or true copy thereof, authorization, sales

invoice, or bill of lading is forged, fraudulent, or stolen, it may be retained by the officer until its authenticity can be verified.

Sec. 8. RCW 76.48.200 and 1995 c 366 s 17 are each amended to read as follows:

Minority groups have long been participants in the specialized forest products and huckleberry harvesting industry. The legislature encourages agencies serving minority communities, community-based organizations, refugee centers, social service agencies, agencies and organizations with expertise in the specialized forest products and huckleberry harvesting industry, and other interested groups to work cooperatively to accomplish the following purposes:

- (1) To provide assistance and make referrals on translation services and to assist in translating educational materials, laws, and rules regarding specialized forest products and huckleberries;
- (2) To hold clinics to teach techniques for effective picking; and
- (3) To work with both minority and nonminority permittees in order to protect resources and foster understanding between minority and nonminority permittees.

To the extent practicable within their existing resources, the commission on Asian-American affairs, the commission on Hispanic affairs, and the department of natural resources are encouraged to coordinate this effort.

Sec. 9. RCW 76.48.020 and 2007 c 392 s 3 are each amended to read as follows:

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

(1) "Authorization" means a properly completed preprinted form authorizing the transportation or possession of Christmas trees which contains the information required by RCW 76.48.080, a sample of which is filed before the harvesting occurs with the sheriff of the county in which the harvesting is to occur.

(2) "Bill of lading" means a written or printed itemized list or statement of particulars pertinent to the transportation or possession of a specialized forest product.

(3) "Cascara bark" means the bark of a Cascara tree.

(4) "Cedar processor" means any person who purchases, takes, or retains possession of cedar products or cedar salvage for later sale in the same or modified form following removal and delivery from the land where harvested.

(5) "Cedar products" means cedar shakeboards, shake and shingle bolts, and rounds one to three feet in length.

(6) "Cedar salvage" means cedar chunks, slabs, stumps, and logs having a volume greater than one cubic foot and being harvested or transported from areas not associated with the concurrent logging of timber stands (a) under a forest practices application approved or notification received by the department of natural resources, or (b) under a contract or permit issued by an agency of the United States government.

(7) "Christmas trees" means any evergreen trees or the top thereof, commonly known as Christmas trees, with limbs and branches, with or without roots, including fir, pine, spruce, cedar, and other coniferous species.

(8) "Cut or picked evergreen foliage," commonly known as brush, means evergreen boughs, huckleberry foliage, salal, fern, Oregon grape, rhododendron, mosses, bear grass, scotch broom (*Cytisus scoparius*), and other cut or picked evergreen products. "Cut or picked evergreen foliage" does not mean cones, berries, any foliage that does not remain green year-round, or seeds.

(9) "Harvest" means to separate, by cutting, prying, picking, peeling, breaking, pulling, splitting, or otherwise removing, a specialized forest product (a) from its physical connection or contact with the land or vegetation upon which it is or was growing or (b) from the position in which it is lying upon the land.

(10) "Harvest site" means each location where one or more persons are engaged in harvesting specialized forest products close enough to each other that communication can be conducted with an investigating law enforcement officer in a normal conversational tone.

(11) "Huckleberry" means the following species of edible berries, if they are not nursery grown: *Vaccinium membranaceum*, *Vaccinium deliciosum*, *Vaccinium ovatum*, *Vaccinium parvifolium*, *Vaccinium globulare*, *Vaccinium ovalifolium*, *Vaccinium alaskaense*, *Vaccinium caespitosum*, *Vaccinium occidentale*, *Vaccinium uliginosum*, *Vaccinium myrtillus*, and *Vaccinium scoparium*.

(12) "Landowner" means, with regard to real property, the private owner, the state of Washington or any political subdivision, the federal government, or a person who by deed, contract, or lease has authority to harvest and sell forest products of the property. "Landowner" does not include the purchaser or successful high bidder at a public or private timber sale.

(13) "Native ornamental trees and shrubs" means any trees or shrubs which are not nursery grown and which have been removed from the ground with the roots intact.

(14) "Permit area" means a designated tract of land that may contain single or multiple harvest sites.

(15) "Person" includes the plural and all corporations, foreign or domestic, copartnerships, firms, and associations of persons.

(16) "Processed cedar products" means cedar shakes, shingles, fence posts, hop poles, pickets, stakes, rails, or rounds less than one foot in length.

(17) "Sheriff" means, for the purpose of validating specialized forest products permits, the county sheriff, deputy sheriff, or an authorized employee of the sheriff's office or an agent of the office.

(18) "Specialized forest products" means Christmas trees, native ornamental trees and shrubs, cut or picked evergreen foliage, cedar products, cedar salvage, processed cedar products, specialty wood, wild edible mushrooms, and Cascara bark.

(19) "Specialized forest products permit" means a printed document in a form printed by the department of natural resources, or true copy thereof, that is signed by a landowner or his or her authorized agent or representative, referred to in this chapter as (~~"permitters [permitters]"~~) "permitters" and validated by the county sheriff and authorizes a designated person, referred to in this chapter as "permittee," who has also signed the permit, to harvest and transport a designated specialized forest product from land owned or controlled and

specified by the ~~((permittee—permittee))~~ permittee and that is located in the county where the permit is issued, or sell raw or unprocessed huckleberries.

(20) "Specialty wood" means wood that is:

(a) In logs less than eight feet in length, chunks, slabs, stumps, or burls; and

(b) One or more of the following:

(i) Of the species western red cedar, Englemann spruce, Sitka spruce, big leaf maple, or western red alder;

(ii) Without knots in a portion of the surface area at least twenty-one inches long and seven and a quarter inches wide when measured from the outer surface toward the center; or

(iii) Suitable for the purposes of making musical instruments or ornamental boxes.

(21) "Specialty wood buyer" means the first person that receives any specialty wood product after it leaves the harvest site.

(22) "Specialty wood processor" means any person who purchases, takes, or retains possession of specialty wood products or specialty wood salvage for later sale in the same or modified form following removal and delivery from the land where harvested.

(23) "Transportation" means the physical conveyance of specialized forest products outside or off of a harvest site by any means.

(24) "True copy" means a replica of a validated specialized forest products permit as reproduced by a copy machine capable of effectively reproducing the information contained on the permittee's copy of the specialized forest products permit. A copy is made true by the permittee or the permittee and ~~((permittee—permittee))~~ permittee signing in the space provided on the face of the copy. A true copy will be effective until the expiration date of the specialized forest products permit unless the permittee or the permittee and ~~((permittee—permittee))~~ permittee specify an earlier date. A ~~((permittee—permittee))~~ permittee may require the actual signatures of both the permittee and ~~((permittee—permittee))~~ permittee for execution of a true copy by so indicating in the space provided on the original copy of the specialized forest products permit. A permittee, or, if so indicated, the permittee and ~~((permittee—permittee))~~ permittee, may condition the use of the true copy to harvesting only, transportation only, possession only, or any combination thereof.

(25) "Wild edible mushrooms" means edible mushrooms not cultivated or propagated by artificial means.

Passed by the House March 8, 2008.

Passed by the Senate March 5, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 192

[House Bill 2137]

CLASSIFIED SCHOOL EMPLOYEES—CHILDREN WITH DISABILITIES

AN ACT Relating to allowing certificated and classified school employees' children with disabilities to enroll in the district where the employee is assigned; and amending RCW 28A.225.225 and 28A.225.270.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 28A.225.225 and 2003 c 36 s 1 are each amended to read as follows:

(1) Except for students who reside out-of-state, 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; ~~((or))~~

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

(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.

(3) 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; or

(c) 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 (3)(c) must apply uniformly to both resident and nonresident applicants.

For purposes of subsections (2)(a) and (3)(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.

(4) 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. 2. RCW 28A.225.270 and 2003 c 36 s 2 are each amended to read as follows:

(1) Each school district in the state shall adopt and implement a policy allowing intradistrict enrollment options no later than June 30, 1990. Each district shall establish its own policy establishing standards on how the intradistrict enrollment options will be implemented.

(2) A district shall permit the children of full-time certificated and classified school employees to enroll at:

(a) The school to which the employee is assigned; ~~((e))~~

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

(c) 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.

(3) For the purposes of this section, "full-time employees" means employees who are employed for the full number of hours and days for their job description.

Passed by the House January 23, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 193

[House Bill 2263]

DISHWASHING DETERGENT—PHOSPHORUS CONTENT

AN ACT Relating to the phosphorus content in dishwashing detergent; and amending RCW 70.95L.020.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 70.95L.020 and 2006 c 223 s 2 are each amended to read as follows:

(1) After July 1, 1994, a person may not sell or distribute for sale a laundry detergent that contains 0.5 percent or more phosphorus by weight.

(2)(a) After July 1, 1994, and until the dates specified in ~~((b)–(e))~~ this subsection, a person may not sell or distribute for sale a dishwashing detergent that contains 8.7 percent or more ~~((phosphorous [phosphorus]))~~ phosphorus by weight.

(b) Beginning July 1, 2008, in counties located east of the crest of the Cascade mountains with populations greater than four hundred thousand, as determined by office of financial management population estimates, a person may not sell or distribute for sale a dishwashing detergent that contains 0.5 percent or more phosphorus by weight~~((~~

~~((i) Commencing))~~.

(c) From July 1, 2008, to June 30, 2010, in counties located west of the crest of the Cascade mountains with populations~~((, as determined by office of financial management population estimates:~~

~~((A)))~~ greater than one hundred eighty thousand and less than two hundred twenty thousand~~((; and~~

~~((B) Greater than three hundred ninety thousand and less than six hundred fifty thousand;))~~, as determined by office of financial management population estimates, a person may not sell or distribute for sale a dishwashing detergent

that contains 0.5 percent or more phosphorus by weight except in a single-use package containing no more than 2.0 grams of phosphorus.

~~((ii) Commencing))~~ (d) Beginning July 1, 2010, ~~((throughout))~~ a person may not sell or distribute for sale a dishwashing detergent that contains 0.5 percent or more phosphorus by weight in the state.

(e) For purposes of this section, "single-use package" means a tablet or other form of dishwashing detergent that is constituted and intended for use in a single washing.

(3) This section does not apply to the sale or distribution of detergents for commercial and industrial uses.

Passed by the House March 12, 2008.

Passed by the Senate March 12, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 194

[House Bill 2460]

LEASEHOLD EXCISE TAX—EXEMPTION—AMPHITHEATER PROPERTY

AN ACT Relating to the leasehold excise tax exemption for leasehold interests in specified amphitheater property; and amending RCW 82.29A.130.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 82.29A.130 and 2007 c 90 s 1 are each amended to read as follows:

The following leasehold interests shall be exempt from taxes imposed pursuant to RCW 82.29A.030 and 82.29A.040:

(1) All leasehold interests constituting a part of the operating properties of any public utility which is assessed and taxed as a public utility pursuant to chapter 84.12 RCW.

(2) All leasehold interests in facilities owned or used by a school, college or university which leasehold provides housing for students and which is otherwise exempt from taxation under provisions of RCW 84.36.010 and 84.36.050.

(3) All leasehold interests of subsidized housing where the fee ownership of such property is vested in the government of the United States, or the state of Washington or any political subdivision thereof but only if income qualification exists for such housing.

(4) All leasehold interests used for fair purposes of a nonprofit fair association that sponsors or conducts a fair or fairs which receive support from revenues collected pursuant to RCW 67.16.100 and allocated by the director of the department of agriculture where the fee ownership of such property is vested in the government of the United States, the state of Washington or any of its political subdivisions: PROVIDED, That this exemption shall not apply to the leasehold interest of any sublessee of such nonprofit fair association if such leasehold interest would be taxable if it were the primary lease.

(5) All leasehold interests in any property of any public entity used as a residence by an employee of that public entity who is required as a condition of employment to live in the publicly owned property.

(6) All leasehold interests held by enrolled Indians of lands owned or held by any Indian or Indian tribe where the fee ownership of such property is vested in or held in trust by the United States and which are not subleased to other than to a lessee which would qualify pursuant to this chapter, RCW 84.36.451 and 84.40.175.

(7) All leasehold interests in any real property of any Indian or Indian tribe, band, or community that is held in trust by the United States or is subject to a restriction against alienation imposed by the United States: PROVIDED, That this exemption shall apply only where it is determined that contract rent paid is greater than or equal to ninety percent of fair market rental, to be determined by the department of revenue using the same criteria used to establish taxable rent in RCW 82.29A.020(2)(b).

(8) All leasehold interests for which annual taxable rent is less than two hundred fifty dollars per year. For purposes of this subsection leasehold interests held by the same lessee in contiguous properties owned by the same lessor shall be deemed a single leasehold interest.

(9) All leasehold interests which give use or possession of the leased property for a continuous period of less than thirty days: PROVIDED, That for purposes of this subsection, successive leases or lease renewals giving substantially continuous use of possession of the same property to the same lessee shall be deemed a single leasehold interest: PROVIDED FURTHER, That no leasehold interest shall be deemed to give use or possession for a period of less than thirty days solely by virtue of the reservation by the public lessor of the right to use the property or to allow third parties to use the property on an occasional, temporary basis.

(10) All leasehold interests under month-to-month leases in residential units rented for residential purposes of the lessee pending destruction or removal for the purpose of constructing a public highway or building.

(11) All leasehold interests in any publicly owned real or personal property to the extent such leasehold interests arises solely by virtue of a contract for public improvements or work executed under the public works statutes of this state or of the United States between the public owner of the property and a contractor.

(12) All leasehold interests that give use or possession of state adult correctional facilities for the purposes of operating correctional industries under RCW 72.09.100.

(13) All leasehold interests used to provide organized and supervised recreational activities for persons with disabilities of all ages in a camp facility and for public recreational purposes by a nonprofit organization, association, or corporation that would be exempt from property tax under RCW 84.36.030(1) if it owned the property. If the publicly owned property is used for any taxable purpose, the leasehold excise taxes set forth in RCW 82.29A.030 and 82.29A.040 shall be imposed and shall be apportioned accordingly.

(14) All leasehold interests in the public or entertainment areas of a baseball stadium with natural turf and a retractable roof or canopy that is in a county with a population of over one million, that has a seating capacity of over forty thousand, and that is constructed on or after January 1, 1995. "Public or entertainment areas" include ticket sales areas, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality and stadium

club areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas and suites, the playing field, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include locker rooms or private offices exclusively used by the lessee.

(15) All leasehold interests in the public or entertainment areas of a stadium and exhibition center, as defined in RCW 36.102.010, that is constructed on or after January 1, 1998. For the purposes of this subsection, "public or entertainment areas" has the same meaning as in subsection (14) of this section, and includes exhibition areas.

(16) All leasehold interests in public facilities districts, as provided in chapter 36.100 or 35.57 RCW.

(17) All leasehold interests in property that is: (a) Owned by the United States government or a municipal corporation; (b) listed on any federal or state register of historical sites; and (c) wholly contained within a designated national historic reserve under 16 U.S.C. Sec. 461.

(18) All leasehold interests in the public or entertainment areas of an amphitheater if a private entity is responsible for one hundred percent of the cost of constructing the amphitheater which is not reimbursed by the public owner, both the public owner and the private lessee sponsor events at the facility on a regular basis, the lessee is responsible under the lease or agreement to operate and maintain the facility, and the amphitheater has a seating capacity of over seventeen thousand reserved and general admission seats and is in a county ~~((with))~~ that had a population of over three hundred fifty thousand, but less than four hundred twenty-five thousand when the amphitheater first opened to the public.

For the purposes of this subsection, "public or entertainment areas" include box offices or other ticket sales areas, entrance gates, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas including lawn seating areas and suites, stages, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include office areas used predominately by the lessee.

Passed by the House February 13, 2008.

Passed by the Senate March 11, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 195

[Substitute House Bill 2472]

STATE-OWNED LANDS—RECREATIONAL OPPORTUNITIES

AN ACT Relating to establishing a work group to make recommendations for improving recreation on state trust lands, aquatic lands, and other state-owned lands managed by the department of natural resources; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. (1) The legislature finds that recreational opportunities are instrumental in promoting human health and well-being and are part of the heritage of Washington state. State trust lands, aquatic lands, and other state-owned lands managed by the department of natural resources provide significant recreational opportunities, along with other social, economic, and environmental benefits. Lands managed by the department of natural resources provide, among other values:

- (a) Renewable energy resources;
- (b) Sustainable revenue for school construction, local governments, and other state institutions;
- (c) Recreational and educational opportunities;
- (d) Habitat for fish and wildlife;
- (e) Clean air and water; and
- (f) Funding for restoration and public access to state-owned aquatic lands.

(2) The legislature further finds that the state's population has nearly doubled from three million four hundred thousand to six million five hundred thousand since the multiple use concept was adopted under chapter 79.10 RCW, and is projected to increase by another two million two hundred thousand by 2030. Population growth has increased demand for recreational access and presents current and future challenges that must be addressed, such as: Increasing potential for conflict with adjacent and nearby land uses, including residential land uses; new forms of trail-based recreation that compete with traditional uses; the rapid increase of motorized and mechanized recreation; changes in ownership patterns of large land holdings across the state; the incompatibility of certain human activities with environmental protections for endangered species, clean water, clean air, climate impacting emissions, and habitat; and increased competition for funding.

(3) The legislature further finds that efforts by the department of natural resources to consolidate state trust lands will provide more opportunities for citizens to access larger blocks of state-owned lands. Therefore, it is prudent to reexamine the policies for recreational access on state-owned lands and establish a vision for the future with recommended policy improvements that are:

- (a) Environmentally responsible;
- (b) Sustainably funded; and
- (c) Compatible with trust land and state land management obligations.

NEW SECTION. Sec. 2. (1) A work group is established to make recommendations to improve recreation on state trust lands, aquatic lands, and other state-owned lands managed by the department of natural resources.

(2) The work group's recommendations to improve recreation on state-owned lands must be compatible with adjacent and nearby land uses, including residential land uses. The work group shall examine relevant existing laws and

rules and recommend policy changes and funding alternatives for consideration by the legislature to ensure safe, sustainable, and enjoyable recreational access. In conducting this work, the work group must consider: The legal obligations for trusts, aquatic lands, and natural areas; consistency with environmental standards needed to protect lands and natural systems; and related work group recommendations such as the Puget Sound action agenda defined in chapter 90.71 RCW, the Washington biodiversity strategy created in executive order 04-02, and the invasive species council recommendations defined in chapter 79A.25 RCW. The work group must provide recommendations on ways to coordinate trail maintenance work with volunteer organizations on state-owned lands.

(3) The work group is comprised of a balanced representation of individuals with recreational interests and knowledge regarding specific regions of the state. The work group must consist of no more than twenty-eight members appointed by the commissioner of public lands in consultation with the following entities:

- (a) Recreational associations and organizations;
- (b) Environmental protection associations and organizations;
- (c) Corporate and community leaders;
- (d) Major landowners;
- (e) Local governments;
- (f) Tribal governments;
- (g) The United States forest service;
- (h) The parks and recreation commission;
- (i) The recreation and conservation office;
- (j) The department of fish and wildlife;
- (k) State trust land beneficiaries;
- (l) State land leaseholders and contractors;
- (m) A representative of the governor, appointed by the governor; and
- (n) Members of the senate appointed by the president of the senate and members of the house of representatives appointed by the speaker of the house of representatives.

(4) The commissioner of public lands, or the commissioner's designee, shall serve as chair, and the department of natural resources shall provide technical and staff support for the work group created by this section.

(5) Work group members that are not employees of state or federal agencies shall be compensated as provided in RCW 43.03.250 and shall receive reimbursement for travel expenses as provided by RCW 43.03.050 and 43.03.060. Costs associated with the work group must be paid by the department of natural resources from the appropriation made available to the department of natural resources for the purpose of this study.

(6) The work group shall conduct a minimum of two open public workshops to solicit input from key stakeholders, citizens, and local jurisdictions, at least one of which must be conducted in a location east of the crest of the Cascade mountain range.

(7) The work group shall hold meetings, at diverse locations throughout the state, to gather input from key stakeholders, citizens, and local jurisdictions regarding the group's proposed recommendations.

(8) The work group shall coordinate with the stakeholder recreational advisory committees appointed or established by the commissioner of public lands.

(9) The commissioner of public lands shall submit to the appropriate standing committees of the legislature, no later than December 1, 2008, a progress report with preliminary findings and recommendations. The commissioner of public lands must submit a final report by December 1, 2009, with findings and recommendations for legislation that is necessary to implement the work group's findings.

(a) The reports must include an assessment of how various kinds of recreation affect the costs and risks to:

- (i) The interests of beneficiaries of state lands;
- (ii) Private landowners, federal landowners, and state government due to increased wildfire risks;
- (iii) Local and state government due to personal injury and property damage;
- (iv) Natural habitat, water quality, and air quality; and
- (v) The land uses and management plans of adjacent landowners.

(b) The reports must include recommendations for appropriate fund sources to mitigate these identified risks.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 196

[Substitute House Bill 2482]

ANNEXATION—PETITIONS—SIGNATURE VALIDATION

AN ACT Relating to the signature validation process for petitions that seek annexation; and amending RCW 35.21.005 and 35A.01.040.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 35.21.005 and 2003 c 331 s 8 are each amended to read as follows:

Wherever in this title petitions are required to be signed and filed, the following rules shall govern the sufficiency thereof:

(1) A petition may include any page or group of pages containing an identical text or prayer intended by the circulators, signers or sponsors to be presented and considered as one petition and containing the following essential elements when applicable, except that the elements referred to in (d) and (e) of this subsection are essential for petitions referring or initiating legislative matters to the voters, but are directory as to other petitions:

(a) The text or prayer of the petition which shall be a concise statement of the action or relief sought by petitioners and shall include a reference to the applicable state statute or city ordinance, if any;

(b) If the petition initiates or refers an ordinance, a true copy thereof;

(c) If the petition seeks the annexation, incorporation, withdrawal, or reduction of an area for any purpose, an accurate legal description of the area proposed for such action and if practical, a map of the area;

(d) Numbered lines for signatures with space provided beside each signature for the name and address of the signer and the date of signing;

(e) The warning statement prescribed in subsection (2) of this section.

(2) Petitions shall be printed or typed on single sheets of white paper of good quality and each sheet of petition paper having a space thereon for signatures shall contain the text or prayer of the petition and the following warning:

WARNING

Every person who signs this petition with any other than his or her true name, or who knowingly signs more than one of these petitions, or signs a petition seeking an election when he or she is not a legal voter, or signs a petition when he or she is otherwise not qualified to sign, or who makes herein any false statement, shall be guilty of a misdemeanor.

Each signature shall be executed in ink or indelible pencil and shall be followed by the name and address of the signer and the date of signing.

(3) The term "signer" means any person who signs his or her own name to the petition.

(4) To be sufficient a petition must contain valid signatures of qualified registered voters or property owners, as the case may be, in the number required by the applicable statute or ordinance. Within three working days after the filing of a petition, the officer with whom the petition is filed shall transmit the petition to the county auditor for petitions signed by registered voters, or to the county assessor for petitions signed by property owners for determination of sufficiency. The officer or officers whose duty it is to determine the sufficiency of the petition shall proceed to make such a determination with reasonable promptness and shall file with the officer receiving the petition for filing a certificate stating the date upon which such determination was begun, which date shall be referred to as the terminal date. Additional pages of one or more signatures may be added to the petition by filing the same with the appropriate filing officer prior to such terminal date. Any signer of a filed petition may withdraw his or her signature by a written request for withdrawal filed with the receiving officer prior to such terminal date. Such written request shall so sufficiently describe the petition as to make identification of the person and the petition certain. The name of any person seeking to withdraw shall be signed exactly the same as contained on the petition and, after the filing of such request for withdrawal, prior to the terminal date, the signature of any person seeking such withdrawal shall be deemed withdrawn.

(5) Petitions containing the required number of signatures shall be accepted as prima facie valid until their invalidity has been proved.

(6) A variation on petitions between the signatures on the petition and that on the voter's permanent registration caused by the substitution of initials instead of the first or middle names, or both, shall not invalidate the signature on the petition if the surname and handwriting are the same.

(7) Signatures, including the original, of any person who has signed a petition two or more times shall be stricken.

(8) Signatures followed by a date of signing which is more than six months prior to the date of filing of the petition shall be stricken.

(9) When petitions are required to be signed by the owners of property, the determination shall be made by the county assessor. Where validation of signatures to the petition is required, the following shall apply:

(a) The signature of a record owner, as determined by the records of the county auditor, shall be sufficient without the signature of his or her spouse;

(b) In the case of mortgaged property, the signature of the mortgagor shall be sufficient, without the signature of his or her spouse;

(c) In the case of property purchased on contract, the signature of the contract purchaser, as shown by the records of the county auditor, shall be deemed sufficient, without the signature of his or her spouse;

(d) Any officer of a corporation owning land within the area involved who is duly authorized to execute deeds or encumbrances on behalf of the corporation, may sign on behalf of such corporation, and shall attach to the petition a certified excerpt from the bylaws of such corporation showing such authority;

(e) When the petition seeks annexation, any officer of a corporation owning land within the area involved, who is duly authorized to execute deeds or encumbrances on behalf of the corporation, may sign under oath on behalf of such corporation. If an officer signs the petition, he or she must attach an affidavit stating that he or she is duly authorized to sign the petition on behalf of such corporation.

(f) When property stands in the name of a deceased person or any person for whom a guardian has been appointed, the signature of the executor, administrator, or guardian, as the case may be, shall be equivalent to the signature of the owner of the property; and

~~((f))~~ (g) When a parcel of property is owned by multiple owners, the signature of an owner designated by the multiple owners is sufficient.

(10) The officer or officers responsible for determining the sufficiency of the petition shall do so in writing and transmit the written certificate to the officer with whom the petition was originally filed.

Sec. 2. RCW 35A.01.040 and 2003 c 331 s 9 are each amended to read as follows:

Wherever in this title petitions are required to be signed and filed, the following rules shall govern the sufficiency thereof:

(1) A petition may include any page or group of pages containing an identical text or prayer intended by the circulators, signers or sponsors to be presented and considered as one petition and containing the following essential elements when applicable, except that the elements referred to in (d) and (e) of this subsection are essential for petitions referring or initiating legislative matters to the voters, but are directory as to other petitions:

(a) The text or prayer of the petition which shall be a concise statement of the action or relief sought by petitioners and shall include a reference to the applicable state statute or city ordinance, if any;

(b) If the petition initiates or refers an ordinance, a true copy thereof;

(c) If the petition seeks the annexation, incorporation, withdrawal, or reduction of an area for any purpose, an accurate legal description of the area proposed for such action and if practical, a map of the area;

(d) Numbered lines for signatures with space provided beside each signature for the name and address of the signer and the date of signing;

(e) The warning statement prescribed in subsection (2) of this section.

(2) Petitions shall be printed or typed on single sheets of white paper of good quality and each sheet of petition paper having a space thereon for signatures shall contain the text or prayer of the petition and the following warning:

WARNING

Every person who signs this petition with any other than his or her true name, or who knowingly signs more than one of these petitions, or signs a petition seeking an election when he or she is not a legal voter, or signs a petition when he or she is otherwise not qualified to sign, or who makes herein any false statement, shall be guilty of a misdemeanor.

Each signature shall be executed in ink or indelible pencil and shall be followed by the name and address of the signer and the date of signing.

(3) The term "signer" means any person who signs his or her own name to the petition.

(4) To be sufficient a petition must contain valid signatures of qualified registered voters or property owners, as the case may be, in the number required by the applicable statute or ordinance. Within three working days after the filing of a petition, the officer with whom the petition is filed shall transmit the petition to the county auditor for petitions signed by registered voters, or to the county assessor for petitions signed by property owners for determination of sufficiency. The officer or officers whose duty it is to determine the sufficiency of the petition shall proceed to make such a determination with reasonable promptness and shall file with the officer receiving the petition for filing a certificate stating the date upon which such determination was begun, which date shall be referred to as the terminal date. Additional pages of one or more signatures may be added to the petition by filing the same with the appropriate filing officer prior to such terminal date. Any signer of a filed petition may withdraw his or her signature by a written request for withdrawal filed with the receiving officer prior to such terminal date. Such written request shall so sufficiently describe the petition as to make identification of the person and the petition certain. The name of any person seeking to withdraw shall be signed exactly the same as contained on the petition and, after the filing of such request for withdrawal, prior to the terminal date, the signature of any person seeking such withdrawal shall be deemed withdrawn.

(5) Petitions containing the required number of signatures shall be accepted as prima facie valid until their invalidity has been proved.

(6) A variation on petitions between the signatures on the petition and that on the voter's permanent registration caused by the substitution of initials instead of the first or middle names, or both, shall not invalidate the signature on the petition if the surname and handwriting are the same.

(7) Signatures, including the original, of any person who has signed a petition two or more times shall be stricken.

(8) Signatures followed by a date of signing which is more than six months prior to the date of filing of the petition shall be stricken.

(9) When petitions are required to be signed by the owners of property, the determination shall be made by the county assessor. Where validation of signatures to the petition is required, the following shall apply:

(a) The signature of a record owner, as determined by the records of the county auditor, shall be sufficient without the signature of his or her spouse;

(b) In the case of mortgaged property, the signature of the mortgagor shall be sufficient, without the signature of his or her spouse;

(c) In the case of property purchased on contract, the signature of the contract purchaser, as shown by the records of the county auditor, shall be deemed sufficient, without the signature of his or her spouse;

(d) Any officer of a corporation owning land within the area involved who is duly authorized to execute deeds or encumbrances on behalf of the corporation, may sign on behalf of such corporation, and shall attach to the petition a certified excerpt from the bylaws of such corporation showing such authority;

(e) When the petition seeks annexation, any officer of a corporation owning land within the area involved, who is duly authorized to execute deeds or encumbrances on behalf of the corporation, may sign under oath on behalf of such corporation. If an officer signs the petition, he or she must attach an affidavit stating that he or she is duly authorized to sign the petition on behalf of such corporation.

(f) When property stands in the name of a deceased person or any person for whom a guardian has been appointed, the signature of the executor, administrator, or guardian, as the case may be, shall be equivalent to the signature of the owner of the property; and

~~((f))~~ (g) When a parcel of property is owned by multiple owners, the signature of an owner designated by the multiple owners is sufficient.

(10) The officer or officers responsible for determining the sufficiency of the petition shall do so in writing and transmit the written certificate to the officer with whom the petition was originally filed.

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 197

[Engrossed Second Substitute House Bill 2533]

UTILITY POLES—ATTACHMENTS

AN ACT Relating to attachments to utility poles of locally regulated utilities; amending RCW 54.04.045; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. It is the policy of the state to encourage the joint use of utility poles, to promote competition for the provision of telecommunications and information services, and to recognize the value of the infrastructure of locally regulated utilities. To achieve these objectives, the legislature intends to establish a consistent cost-based formula for calculating pole attachment rates, which will ensure greater predictability and consistency in

pole attachment rates statewide, as well as ensure that locally regulated utility customers do not subsidize licensees. The legislature further intends to continue working through issues related to pole attachments with interested parties in an open and collaborative process in order to minimize the potential for disputes going forward.

Sec. 2. RCW 54.04.045 and 1996 c 32 s 5 are each amended to read as follows:

(1) As used in this section:

(a) "Attachment" means the affixation or installation of any wire, cable, or other physical material capable of carrying electronic impulses or light waves for the carrying of intelligence for telecommunications or television, including, but not limited to cable, and any related device, apparatus, or auxiliary equipment upon any pole owned or controlled in whole or in part by one or more locally regulated utilities where the installation has been made with the necessary consent.

(b) "Licensee" means any person, firm, corporation, partnership, company, association, joint stock association, or cooperatively organized association, which is authorized to construct attachments upon, along, under, or across public ways.

~~(c)~~ "Locally regulated utility" means a public utility district not subject to rate or service regulation by the utilities and transportation commission.

~~((c))~~ (d) "Nondiscriminatory" means that pole owners may not arbitrarily differentiate among or between similar classes of ~~((persons))~~ licensees approved for attachments.

(2) All rates, terms, and conditions made, demanded, or received by a locally regulated utility for attachments to its poles must be just, reasonable, nondiscriminatory, and sufficient. A locally regulated utility shall levy attachment space rental rates that are uniform for the same class of service within the locally regulated utility service area.

(3) A just and reasonable rate must be calculated as follows:

(a) One component of the rate shall consist of the additional costs of procuring and maintaining pole attachments, but may not exceed the actual capital and operating expenses of the locally regulated utility attributable to that portion of the pole, duct, or conduit used for the pole attachment, including a share of the required support and clearance space, in proportion to the space used for the pole attachment, as compared to all other uses made of the subject facilities and uses that remain available to the owner or owners of the subject facilities;

(b) The other component of the rate shall consist of the additional costs of procuring and maintaining pole attachments, but may not exceed the actual capital and operating expenses of the locally regulated utility attributable to the share, expressed in feet, of the required support and clearance space, divided equally among the locally regulated utility and all attaching licensees, in addition to the space used for the pole attachment, which sum is divided by the height of the pole; and

(c) The just and reasonable rate shall be computed by adding one-half of the rate component resulting from (a) of this subsection to one-half of the rate component resulting from (b) of this subsection.

(4) For the purpose of establishing a rate under subsection (3)(a) of this section, the locally regulated utility may establish a rate according to the calculation set forth in subsection (3)(a) of this section or it may establish a rate according to the cable formula set forth by the federal communications commission by rule as it existed on the effective date of this section, or such subsequent date as may be provided by the federal communications commission by rule, consistent with the purposes of this section.

(5) Except in extraordinary circumstances, a locally regulated utility must respond to a licensee's application to enter into a new pole attachment contract or renew an existing pole attachment contract within forty-five days of receipt, stating either:

(a) The application is complete; or

(b) The application is incomplete, including a statement of what information is needed to make the application complete.

(6) Within sixty days of an application being deemed complete, the locally regulated utility shall notify the applicant as to whether the application has been accepted for licensing or rejected. In extraordinary circumstances, and with the approval of the applicant, the locally regulated utility may extend the sixty-day timeline under this subsection. If the application is rejected, the locally regulated utility must provide reasons for the rejection. A request to attach may only be denied on a nondiscriminatory basis (a) where there is insufficient capacity; or (b) for reasons of safety, reliability, or the inability to meet generally applicable engineering standards and practices.

(7) Nothing in this section shall be construed or is intended to confer upon the utilities and transportation commission any authority to exercise jurisdiction over locally regulated utilities.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 198

[Substitute House Bill 2639]

RENEWABLE RESOURCES—PROCUREMENT—PUBLIC AGENCIES

AN ACT Relating to procurement of renewable resources by public agencies; amending RCW 39.34.030, 54.44.020, 25.15.005, 54.16.180, and 42.24.080; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that it is in the public interest for public utility districts to develop renewable energy projects to meet requirements enacted by the people in Initiative Measure No. 937 and goals of diversifying energy resource portfolios. By developing more efficient and cost-effective renewable energy projects, public utility districts will keep power costs as low as possible for their customers. Consolidating and clarifying statutory provisions governing various aspects of public utility district renewable energy project development will reduce planning time and expense to meet these objectives.

Sec. 2. RCW 39.34.030 and 2004 c 190 s 1 are each amended to read as follows:

(1) Any power or powers, privileges or authority exercised or capable of exercise by a public agency of this state may be exercised and enjoyed jointly with any other public agency of this state having the power or powers, privilege or authority, and jointly with any public agency of any other state or of the United States to the extent that laws of such other state or of the United States permit such joint exercise or enjoyment. Any agency of the state government when acting jointly with any public agency may exercise and enjoy all of the powers, privileges and authority conferred by this chapter upon a public agency.

(2) Any two or more public agencies may enter into agreements with one another for joint or cooperative action pursuant to the provisions of this chapter (~~(: PROVIDED)~~), except that any such joint or cooperative action by public agencies which are educational service districts and/or school districts shall comply with the provisions of RCW 28A.320.080. Appropriate action by ordinance, resolution or otherwise pursuant to law of the governing bodies of the participating public agencies shall be necessary before any such agreement may enter into force.

(3) Any such agreement shall specify the following:

(a) Its duration;

(b) The precise organization, composition and nature of any separate legal or administrative entity created thereby together with the powers delegated thereto, provided such entity may be legally created. Such entity may include a nonprofit corporation organized pursuant to chapter 24.03 or 24.06 RCW whose membership is limited solely to the participating public agencies or a partnership organized pursuant to chapter 25.04 or 25.05 RCW whose partners are limited solely to participating public agencies, or a limited liability company organized under chapter 25.15 RCW whose membership is limited solely to participating public agencies, and the funds of any such corporation (~~(or)~~), partnership, or limited liability company shall be subject to audit in the manner provided by law for the auditing of public funds;

(c) Its purpose or purposes;

(d) The manner of financing the joint or cooperative undertaking and of establishing and maintaining a budget therefor;

(e) The permissible method or methods to be employed in accomplishing the partial or complete termination of the agreement and for disposing of property upon such partial or complete termination; and

(f) Any other necessary and proper matters.

(4) In the event that the agreement does not establish a separate legal entity to conduct the joint or cooperative undertaking, the agreement shall contain, in addition to ~~((items))~~ provisions specified in subsection (3)(a), (c), (d), (e), and (f) ((enumerated in subdivision (3) hereof)) of this section, ((contain)) the following:

(a) Provision for an administrator or a joint board responsible for administering the joint or cooperative undertaking. In the case of a joint board, public agencies that are party to the agreement shall be represented; and

(b) The manner of acquiring, holding and disposing of real and personal property used in the joint or cooperative undertaking. Any joint board is authorized to establish a special fund with a state, county, city, or district

treasurer servicing an involved public agency designated "Operating fund of joint board".

(5) No agreement made pursuant to this chapter relieves any public agency of any obligation or responsibility imposed upon it by law except that:

(a) To the extent of actual and timely performance thereof by a joint board or other legal or administrative entity created by an agreement made (~~hereunder~~) pursuant to this chapter, the performance may be offered in satisfaction of the obligation or responsibility; and

(b) With respect to one or more public agencies purchasing or otherwise contracting through a bid, proposal, or contract awarded by another public agency or by a group of public agencies, any statutory obligation to provide notice for bids or proposals that applies to the public agencies involved is satisfied if the public agency or group of public agencies that awarded the bid, proposal, or contract complied with its own statutory requirements and either (i) posted the bid or solicitation notice on a web site established and maintained by a public agency, purchasing cooperative, or similar service provider, for purposes of posting public notice of bid or proposal solicitations, or (ii) provided an access link on the state's web portal to the notice.

(6) Financing of joint projects by agreement shall be as provided by law.

Sec. 3. RCW 54.44.020 and 1997 c 230 s 2 are each amended to read as follows:

(1) Except as provided in subsections (2) and (3) of this section, cities of the first class, public utility districts organized under chapter 54.08 RCW, and joint operating agencies organized under chapter 43.52 RCW, any such cities and public utility districts which operate electric generating facilities or distribution systems and any joint operating agency shall have power and authority to participate and enter into agreements with each other and with electrical companies which are subject to the jurisdiction of the Washington utilities and transportation commission or the public utility commissioner of Oregon, hereinafter called "regulated utilities", and with rural electric cooperatives, including generation and transmission cooperatives for the undivided ownership of any type of electric generating plants and facilities, including, but not limited to, nuclear and other thermal power generating plants and facilities and transmission facilities including, but not limited to, related transmission facilities, hereinafter called "common facilities", and for the planning, financing, acquisition, construction, operation and maintenance thereof. It shall be provided in such agreements that each city, public utility district, or joint operating agency shall own a percentage of any common facility equal to the percentage of the money furnished or the value of property supplied by it for the acquisition and construction thereof and shall own and control a like percentage of the electrical output thereof.

(2) Cities of the first class, public utility districts organized under chapter 54.08 RCW, and joint operating agencies organized under chapter 43.52 RCW, shall have the power and authority to participate and enter into agreements for the undivided ownership of a coal-fired thermal electric generating plant and facility placed in operation before July 1, 1975, including related common facilities, and for the planning, financing, acquisition, construction, operation, and maintenance of the plant and facility. It shall be provided in such agreements that each city, public utility district, or joint operating agency shall

own a percentage of any common facility equal to the percentage of the money furnished or the value of property supplied by the city, district, or agency, for the acquisition and construction of the facility, and shall own and control a like percentage of the electrical output thereof. Cities of the first class, public utility districts, and joint operating agencies may enter into agreements under this subsection with each other, with regulated utilities, with rural electric cooperatives, with electric companies subject to the jurisdiction of the regulatory commission of any other state, and with any power marketer subject to the jurisdiction of the federal energy regulatory commission.

(3)(a) Except as provided in subsections (1) and (2) of this section, cities of the first class, public utility districts organized under chapter 54.08 RCW, any cities that operate electric generating facilities or distribution systems, any joint operating agency organized under chapter 43.52 RCW, or any separate legal entity comprising two or more thereof organized under chapter 39.34 RCW shall, either directly or as co-owners of a separate legal entity, have power and authority to participate and enter into agreements described in (b) and (c) of this subsection with each other, and with any of the following, either directly or as co-owners of a separate legal entity:

(i) Any public agency, as that term is defined in RCW 39.34.020;

(ii) Electrical companies that are subject to the jurisdiction of the Washington utilities and transportation commission or the regulatory commission of any state; and

(iii) Rural electric cooperatives and generation and transmission cooperatives or any wholly owned subsidiaries of either rural electric cooperatives or generation and transmission cooperatives.

(b) Agreements may provide for:

(i) The undivided ownership, or indirect ownership in the case of a separate legal entity, of common facilities that include any type of electric generating plant powered by an eligible renewable resource, as defined in RCW 19.285.030, and transmission facilities including, but not limited to, related transmission facilities, and for the planning, financing, acquisition, construction, operation, and maintenance thereof; and

(ii) The formation, operation, and ownership of a separate legal entity that may own the common facilities.

(c) Agreements must provide that each city, public utility district, or joint operating agency:

(i) Owns a percentage of any common facility or a percentage of any separate legal entity equal to the percentage of the money furnished or the value of property supplied by it for the acquisition and construction thereof; and

(ii) Owns and controls, or has a right to own and control in the case of a separate legal entity, a like percentage of the electrical output thereof.

(d) Any entity in which a public utility district participates, either directly or as co-owner of a separate legal entity, in constructing or developing a common facility pursuant to this subsection shall comply with the provisions of chapter 39.12 RCW.

(4) Each participant shall defray its own interest and other payments required to be made or deposited in connection with any financing undertaken by it to pay its percentage of the money furnished or value of property supplied by it for the planning, acquisition and construction of any common facility, or

any additions or betterments thereto. The agreement shall provide a uniform method of determining and allocating operation and maintenance expenses of the common facility.

~~((4))~~ (5) Each city, public utility district, joint operating agency, regulated utility, and cooperatives participating in the direct or indirect ownership or operation of a common facility described in subsections (1) through (3) of this section shall pay all taxes chargeable to its share of the common facility and the electric energy generated thereby under applicable statutes as now or hereafter in effect, and may make payments during preliminary work and construction for any increased financial burden suffered by any county or other existing taxing district in the county in which the common facility is located, pursuant to agreement with such county or taxing district.

Sec. 4. RCW 25.15.005 and 2002 c 296 s 3 are each amended to read as follows:

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

(1) "Certificate of formation" means the certificate referred to in RCW 25.15.070, and the certificate as amended.

(2) "Event of dissociation" means an event that causes a person to cease to be a member as provided in RCW 25.15.130.

(3) "Foreign limited liability company" means an entity that is formed under:

(a) The limited liability company laws of any state other than this state; or

(b) The laws of any foreign country that is: (i) An unincorporated association, (ii) formed under a statute pursuant to which an association may be formed that affords to each of its members limited liability with respect to the liabilities of the entity, and (iii) not required, in order to transact business or conduct affairs in this state, to be registered or qualified under Title 23B or 24 RCW, or any other chapter of the Revised Code of Washington authorizing the formation of a domestic entity and the registration or qualification in this state of similar entities formed under the laws of a jurisdiction other than this state.

(4) "Limited liability company" and "domestic limited liability company" means a limited liability company having one or more members that is organized and existing under this chapter.

(5) "Limited liability company agreement" means any written agreement of the members, or any written statement of the sole member, as to the affairs of a limited liability company and the conduct of its business which is binding upon the member or members.

(6) "Limited liability company interest" means a member's share of the profits and losses of a limited liability company and a member's right to receive distributions of the limited liability company's assets.

(7) "Manager" or "managers" means, with respect to a limited liability company that has set forth in its certificate of formation that it is to be managed by managers, the person, or persons designated in accordance with RCW 25.15.150(2).

(8) "Member" means a person who has been admitted to a limited liability company as a member as provided in RCW 25.15.115 and who has not been dissociated from the limited liability company.

(9) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, or a separate legal entity comprised of two or more of these entities, or any other legal or commercial entity.

(10) "Professional limited liability company" means a limited liability company which is organized for the purpose of rendering professional service and whose certificate of formation sets forth that it is a professional limited liability company subject to RCW 25.15.045.

(11) "Professional service" means the same as defined under RCW 18.100.030.

(12) "State" means the District of Columbia or the Commonwealth of Puerto Rico or any state, territory, possession, or other jurisdiction of the United States other than the state of Washington.

Sec. 5. RCW 54.16.180 and 1999 c 69 s 1 are each amended to read as follows:

(1) A district may sell and convey, lease, or otherwise dispose of all or any part of its works, plants, systems, utilities and properties, after proceedings and approval by the voters of the district, as provided for the lease or disposition of like properties and facilities owned by cities and towns(~~(= PROVIDED, That)~~). The affirmative vote of three-fifths of the voters voting at an election on the question of approval of a proposed sale, shall be necessary to authorize such a sale(= PROVIDED FURTHER, That).

(2) A district may, without the approval of the voters, sell, convey, lease, or otherwise dispose of all or any part of the property owned by it(=) that is located;

(a) Outside its boundaries, to another public utility district, city, town or other municipal corporation ((without the approval of the voters)); or ((may sell, convey, lease, or otherwise dispose of to any person or public body, any part, either))

(b) Within or without its boundaries, which has become unserviceable, inadequate, obsolete, worn out or unfit to be used in the operations of the system and which is no longer necessary, material to, and useful in such operations, ((without the approval of the voters: PROVIDED FURTHER, That)) to any person or public body.

(3) A district may sell, convey, lease or otherwise dispose of items of equipment or materials to any other district, to any cooperative, mutual, consumer-owned or investor-owned utility, to any federal, state, or local government agency, to any contractor employed by the district or any other district, utility, or agency, or any customer of the district or of any other district or utility, from the district's stores without voter approval or resolution of the district's board, if such items of equipment or materials cannot practicably be obtained on a timely basis from any other source, and the amount received by the district in consideration for any such sale, conveyance, lease, or other disposal of such items of equipment or materials is not less than the district's cost to purchase such items or the reasonable market value of equipment or materials(= PROVIDED FURTHER, That a public utility).

(4) A district located within a county with a population of from one hundred twenty-five thousand to less than two hundred ten thousand may sell and convey

to a city of the first class, which owns its own water system, all or any part of a water system owned by ~~((said public utility))~~ the district where a portion of it is located within the boundaries of ~~((such))~~ the city, without approval of the voters, upon such terms and conditions as the district shall determine ~~((: PROVIDED FURTHER, That))~~.

(5) ~~A ((public utility))~~ district located in a county with a population of from twelve thousand to less than eighteen thousand and bordered by the Columbia river may, separately or in connection with the operation of a water system, or as part of a plan for acquiring or constructing and operating a water system, or in connection with the creation of another or subsidiary local utility district, ~~((may))~~ provide for the acquisition or construction, additions or improvements to, or extensions of, and operation of, a sewage system within the same service area as in the judgment of the district commission is necessary or advisable ~~((in order))~~ to eliminate or avoid any existing or potential danger to ~~((the))~~ public health ~~((by reason of the))~~ due to lack of sewerage facilities or ~~((by reason of the))~~ inadequacy of existing facilities ~~((: AND PROVIDED FURTHER, That a public utility))~~.

(6) ~~A~~ district located within a county with a population of from one hundred twenty-five thousand to less than two hundred ten thousand bordering on Puget Sound may sell and convey to any city or town with a population of less than ten thousand all or any part of a water system owned by ~~((said public utility))~~ the district without approval of the voters upon such terms and conditions as the district shall determine.

(7) A district may sell and convey, lease, or otherwise dispose of, to any person or entity without approval of the voters and upon such terms and conditions as it determines, all or any part of an electric generating project owned directly or indirectly by the district, regardless of whether the project is completed, operable, or operating, as long as:

(a) The project is or would be powered by an eligible renewable resource as defined in RCW 19.285.030; and

(b) The district, or the separate legal entity in which the district has an interest in the case of indirect ownership, has:

(i) The right to lease the project or to purchase all or any part of the energy from the project during the period in which it does not have a direct or indirect ownership interest in the project; and

(ii) An option to repurchase the project or part thereof sold, conveyed, leased, or otherwise disposed of at or below fair market value upon termination of the lease of the project or termination of the right to purchase energy from the project. ((Public utility))

(8) ~~Districts~~ are municipal corporations for the purposes of this section ~~((and the))~~. ~~A~~ commission shall be held to be the legislative body ~~((and the))~~, ~~a~~ president and secretary shall have the same powers and perform the same duties as ~~((the))~~ ~~a~~ mayor and city clerk, and the district resolutions ~~((of the districts))~~ shall be held to be ordinances within the meaning of ~~((the))~~ statutes governing the sale, lease, or other disposal of public utilities owned by cities and towns.

Sec. 6. RCW 42.24.080 and 1995 c 301 s 72 are each amended to read as follows:

(1) All claims presented against any county, city, district or other municipal corporation or political subdivision by persons furnishing materials, rendering

services or performing labor, or for any other contractual purpose, shall be audited, before payment, by an auditing officer elected or appointed pursuant to statute or, in the absence of statute, an appropriate charter provision, ordinance or resolution of the municipal corporation or political subdivision. Such claims shall be prepared for audit and payment on a form and in the manner prescribed by the state auditor. The form shall provide for the authentication and certification by such auditing officer that the materials have been furnished, the services rendered (~~(or)~~), the labor performed as described, or that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the municipal corporation or political subdivision (~~(-and)~~). No claim shall be paid without such authentication and certification (~~(- PROVIDED, That the certificates)~~).

(2) Certification as to claims of officers and employees of a county, city, district or other municipal corporation or political subdivision, for services rendered, shall be made by the person charged with (~~(the duty of)~~) preparing and submitting vouchers for (~~(the)~~) payment of services (~~(-and)~~). He or she shall certify that the claim is just, true and unpaid, (~~(which certificate)~~) and that certification shall be part of the voucher.

Passed by the House March 8, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 199

[House Bill 2699]

MINIMUM WAGE ACT—RECODIFICATION

AN ACT Relating to recodifying RCW 19.48.130 as a section in the Washington minimum wage act; adding a new section to chapter 49.46 RCW; and recodifying RCW 19.48.130.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. RCW 19.48.130 is recodified as a section in chapter 49.46 RCW.

Passed by the House February 19, 2008.

Passed by the Senate March 6, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 200

[Substitute House Bill 2729]

IDENTIFICATION DOCUMENTS

AN ACT Relating to identification documents; amending RCW 42.56.230 and 42.56.330; adding a new chapter to Title 9A RCW; and prescribing penalties.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that:

(1) Washington state recognizes the importance of protecting its citizens from unwanted wireless surveillance.

(2) Enhanced drivers' licenses and enhanced identicards are intended to facilitate efficient travel at land and sea borders between the United States, Canada, and Mexico, not to facilitate the profiling and tracking of individuals.

(3) Easy access to the information found on enhanced drivers' licenses and enhanced identicards could facilitate the commission of other unwanted offenses, such as identity theft.

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

(1) "Enhanced driver's license" means a driver's license that is issued under RCW 46.20.202.

(2) "Enhanced identicard" means an identicard that is issued under RCW 46.20.202.

(3) "Identification document" means an enhanced driver's license or an enhanced identicard.

(4) "Radio frequency identification" means a technology that uses radio waves to transmit data remotely to readers.

(5) "Reader" means a scanning device that is capable of using radio waves to communicate with an identification document and read the data transmitted by the identification document.

(6) "Remotely" means that no physical contact between the identification document and a reader is necessary in order to transmit data using radio waves.

(7) "Unique personal identifier number" means a randomly assigned string of numbers or symbols issued by the department of licensing that is encoded on an identification document and is intended to be read remotely by a reader to identify the identification document that has been issued to a particular individual.

NEW SECTION. Sec. 3. (1) Except as provided in subsection (2) of this section, a person is guilty of a class C felony if the person intentionally possesses, or reads or captures remotely using radio waves, information contained on another person's identification document, including the unique personal identifier number encoded on the identification document, without that person's express knowledge or consent.

(2) This section does not apply to:

(a) A person or entity that reads an identification document to facilitate border crossing;

(b) A person or entity that reads a person's identification document in the course of an act of good faith security research, experimentation, or scientific inquiry including, but not limited to, activities useful in identifying and analyzing security flaws and vulnerabilities; or

(c) A person or entity that unintentionally reads an identification document remotely in the course of operating its own radio frequency identification system, provided that the inadvertently received information:

(i) Is not disclosed to any other party;

(ii) Is not used for any purpose; and

(iii) Is not stored or is promptly destroyed.

NEW SECTION. Sec. 4. The legislature finds that the practices covered by this chapter are matters vitally affecting the public interest for the purpose of applying chapter 19.86 RCW. A violation of this chapter is not reasonable in

relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for the purpose of applying chapter 19.86 RCW.

Sec. 5. RCW 42.56.230 and 2005 c 274 s 403 are each amended to read as follows:

The following personal information is exempt from public inspection and copying under this chapter:

(1) Personal information in any files maintained for students in public schools, patients or clients of public institutions or public health agencies, or welfare recipients;

(2) Personal information in files maintained for employees, appointees, or elected officials of any public agency to the extent that disclosure would violate their right to privacy;

(3) Information required of any taxpayer in connection with the assessment or collection of any tax if the disclosure of the information to other persons would (a) be prohibited to such persons by RCW 84.08.210, 82.32.330, 84.40.020, or 84.40.340 or (b) violate the taxpayer's right to privacy or result in unfair competitive disadvantage to the taxpayer; ~~((and))~~

(4) Credit card numbers, debit card numbers, electronic check numbers, card expiration dates, or bank or other financial account numbers, except when disclosure is expressly required by or governed by other law; and

(5) Documents and related materials and scanned images of documents and related materials used to prove identity, age, residential address, social security number, or other personal information required to apply for a driver's license or identicard.

Sec. 6. RCW 42.56.330 and 2007 c 197 s 5 are each amended to read as follows:

The following information relating to public utilities and transportation is exempt from disclosure under this chapter:

(1) Records filed with the utilities and transportation commission or attorney general under RCW 80.04.095 that a court has determined are confidential under RCW 80.04.095;

(2) The residential addresses and residential telephone numbers of the customers of a public utility contained in the records or lists held by the public utility of which they are customers, except that this information may be released to the division of child support or the agency or firm providing child support enforcement for another state under Title IV-D of the federal social security act, for the establishment, enforcement, or modification of a support order;

(3) The names, residential addresses, residential telephone numbers, and other individually identifiable records held by an agency in relation to a vanpool, carpool, or other ride-sharing program or service; however, these records may be disclosed to other persons who apply for ride-matching services and who need that information in order to identify potential riders or drivers with whom to share rides;

(4) The personally identifying information of current or former participants or applicants in a paratransit or other transit service operated for the benefit of persons with disabilities or elderly persons;

(5) The personally identifying information of persons who acquire and use transit passes and other fare payment media including, but not limited to, stored value smart cards and magnetic strip cards, except that an agency may disclose this information to a person, employer, educational institution, or other entity that is responsible, in whole or in part, for payment of the cost of acquiring or using a transit pass or other fare payment media, or to the news media when reporting on public transportation or public safety. This information may also be disclosed at the agency's discretion to governmental agencies or groups concerned with public transportation or public safety;

(6) Any information obtained by governmental agencies that is collected by the use of a motor carrier intelligent transportation system or any comparable information equipment attached to a truck, tractor, or trailer; however, the information may be given to other governmental agencies or the owners of the truck, tractor, or trailer from which the information is obtained. As used in this subsection, "motor carrier" has the same definition as provided in RCW 81.80.010; ~~(and)~~

(7) The personally identifying information of persons who acquire and use transponders or other technology to facilitate payment of tolls. This information may be disclosed in aggregate form as long as the data does not contain any personally identifying information. For these purposes aggregate data may include the census tract of the account holder as long as any individual personally identifying information is not released. Personally identifying information may be released to law enforcement agencies only for toll enforcement purposes. Personally identifying information may be released to law enforcement agencies for other purposes only if the request is accompanied by a court order; and

(8) The personally identifying information of persons who acquire and use a driver's license or identicard that includes a radio frequency identification chip or similar technology to facilitate border crossing. This information may be disclosed in aggregate form as long as the data does not contain any personally identifying information. Personally identifying information may be released to law enforcement agencies only for United States customs and border protection enforcement purposes. Personally identifying information may be released to law enforcement agencies for other purposes only if the request is accompanied by a court order.

NEW SECTION. Sec. 7. Sections 1 through 4 of this act constitute a new chapter in Title 9A RCW.

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 201

[Engrossed Second Substitute House Bill 2817]

VEHICLES AND VESSELS—CONTAMINATED

AN ACT Relating to contaminated motor vehicles, vehicles, and vessels; amending RCW 64.44.050; adding a new section to chapter 64.44 RCW; adding a new section to chapter 46.55 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 64.44.050 and 2006 c 339 s 205 are each amended to read as follows:

(1) An owner of contaminated property who desires to have the property decontaminated, demolished, or disposed of shall use the services of an authorized contractor unless otherwise authorized by the local health officer. The contractor and property owner shall prepare and submit a written work plan for decontamination, demolition, or disposal to the local health officer. The local health officer may charge a reasonable fee for review of the work plan. If the work plan is approved and the decontamination, demolition, or disposal is completed and the property is retested according to the plan and properly documented, then the health officer shall allow reuse of the property. A release for reuse document shall be recorded in the real property records indicating the property has been decontaminated, demolished, or disposed of in accordance with rules of the state department of health. The property owner is responsible for: (a) The costs of any property testing which may be required to demonstrate the presence or absence of hazardous chemicals; and (b) the costs of the property's decontamination, demolition, and disposal expenses, as well as costs incurred by the local health officer resulting from the enforcement of this chapter.

(2)(a) In a case where the contaminated property is a motor vehicle as defined in RCW 46.04.320, a vehicle as defined in RCW 46.04.670, or a vessel as defined in RCW 88.02.010, and the local health officer has issued an order declaring the property unfit and prohibiting its use, the city or county in which the property is located shall take action to prohibit use, occupancy, or removal, and shall require demolition, disposal, or decontamination of the property. The city, county, or local law enforcement agency may impound the vehicle or vessel to enforce this chapter.

(b) The property owner shall have the property demolished, disposed of, or decontaminated by an authorized contractor, or under a written work plan approved by the local health officer, within thirty days of receiving the order declaring the property unfit and prohibited from use. After all procedures granting the right of notice and the opportunity to appeal in RCW 64.44.030 have been exhausted, if the property owner has not demolished, disposed of, or decontaminated the property using an authorized contractor, or under a written work plan approved by the local health officer within thirty days, then the local health officer or the local law enforcement agency may demolish, dispose of, or decontaminate the property. The property owner is responsible for the costs of the property's demolition, disposal, or decontamination, as well as all costs incurred by the local health officer or the local law enforcement agency resulting from the enforcement of this chapter, except as otherwise provided under this subsection.

(c) The legal owner of a motor vehicle as defined in RCW 46.04.320, a vehicle as defined in RCW 46.04.670, or a vessel as defined in RCW 88.02.010 whose sole basis of ownership is a bona fide security interest is responsible for costs under this subsection if the legal owner had knowledge of or consented to any act or omission that caused contamination of the vehicle or vessel.

(d) If the vehicle or vessel has been stolen and the property owner neither had knowledge of nor consented to any act or omission that contributed to the

theft and subsequent contamination of the vehicle or vessel, the owner is not responsible for costs under this subsection. However, if the registered owner is insured, the registered owner shall, within fifteen calendar days of receiving an order declaring the property unfit and prohibiting its use, submit a claim to his or her insurer for reimbursement of costs of the property's demolition, disposal, or decontamination, as well as all costs incurred by the local health officer or the local law enforcement agency resulting from the enforcement of this chapter, and shall provide proof of claim to the local health officer or the local law enforcement agency.

(e) If the property owner has not acted to demolish, dispose of, or decontaminate as set forth in this subsection regardless of responsibility for costs, and the local health officer or local law enforcement agency has taken responsibility for demolition, disposal, or decontamination, including all associated costs, then all rights, title, and interest in the property shall be deemed forfeited to the local health jurisdiction or the local law enforcement agency.

(f) This subsection may not be construed to limit the authority of a city, county, local law enforcement agency, or local health officer to take action under this chapter to require the owner of the real property upon which the contaminated vehicle or vessel is located to comply with the requirements of this chapter, including provisions for the right of notice and opportunity to appeal as provided in RCW 64.44.030.

(3) Except as provided in subsection (2) of this section, the local health officer has thirty days from the issuance of an order declaring a property unfit and prohibiting its use to establish a reasonable timeline for decontamination. The department of health shall establish the factors to be considered by the local health officer in establishing the appropriate amount of time.

The local health officer shall notify the property owner of the proposed time frame by United States mail to the last known address. Notice shall be postmarked no later than the thirtieth day from the issuance of the order. The property owner may request a modification of the time frame by submitting a letter identifying the circumstances which justify such an extension to the local health officer within thirty-five days of the date of the postmark on the notification regardless of when received.

NEW SECTION. Sec. 2. A new section is added to chapter 64.44 RCW to read as follows:

(1) The Washington state department of licensing shall take action to place notification on the title of any motor vehicle as defined in RCW 46.04.320, a vehicle as defined in RCW 46.04.670, or a vessel as defined in RCW 88.02.010, that the vehicle or vessel has been declared unfit and prohibited from use by order of the local health officer under this chapter. When satisfactory decontamination has been completed and the contaminated property has been retested according to the written work plan approved by the local health officer, a release for reuse document shall be issued by the local health officer, and the department of licensing shall place notification on the title of that vehicle or vessel as having been decontaminated and released for reuse.

(2)(a) A person is guilty of a gross misdemeanor if he or she advertises for sale or sells a motor vehicle as defined in RCW 46.04.320, a vehicle as defined in RCW 46.04.670, or a vessel as defined in RCW 88.02.010, that has been

declared unfit and prohibited from use by the local health officer under this chapter when:

(i) The person has knowledge that the local health officer has issued an order declaring the vehicle or vessel unfit and prohibiting its use; or

(ii) A notification has been placed on the title under subsection (1) of this section that the vehicle or vessel has been declared unfit and prohibited from use.

(b) A person may advertise or sell a vehicle or vessel when a release for reuse document has been issued by the local health officer under this chapter or a notification has been placed on the title under subsection (1) of this section that the vehicle or vessel has been decontaminated and released for reuse.

NEW SECTION. Sec. 3. A new section is added to chapter 46.55 RCW to read as follows:

An impound under RCW 64.44.050 shall not be considered an impound under this chapter. A tow operator who contracts with a law enforcement agency for transporting a vehicle impounded under RCW 64.44.050 shall only remove the vehicle to a secure public facility, and is not required to store or dispose of the vehicle. The vehicle shall remain in the care, custody, and control of the law enforcement agency to be demolished, disposed of, or decontaminated as provided under RCW 64.44.050. The law enforcement agency shall pay for all costs incurred as a result of the towing if the vehicle owner does not pay within thirty days. The law enforcement agency may seek reimbursement from the owner.

NEW SECTION. Sec. 4. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus transportation appropriations act, this act is null and void.

Passed by the House March 10, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 202

[Substitute House Bill 2823]

WILLAPA HARBOR OYSTER RESERVE

AN ACT Relating to the Willapa harbor oyster reserve; amending RCW 70.118.140 and 77.60.160; adding a new section to chapter 77.60 RCW; and recodifying RCW 70.118.140.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 70.118.140 and 2007 c 341 s 43 are each amended to read as follows:

(1)(a) The department ~~((of health))~~ shall transfer the funds required by RCW 77.60.160 to the appropriate local governments. Pacific and Grays Harbor counties and Puget Sound shall manage ((the)) their established shellfish—on-site sewage grant program ((in Puget Sound and for Pacific and Grays Harbor counties)). The ((department of health)) local governments, in consultation with the department of health, shall ((provide)) use the provided funds ((to local health jurisdictions to be used)) as grants or loans to individuals for repairing or improving their on-site sewage systems. The grants or loans may be provided

only in areas that have the potential to adversely affect water quality in commercial and recreational shellfish growing areas.

(b) A recipient of a grant or loan shall enter into an agreement with the appropriate local (~~health jurisdiction~~) government to maintain the improved on-site sewage system according to specifications required by the local (~~health jurisdiction~~) government.

(c) The department (~~of health~~) shall work closely with local (~~health jurisdictions~~) governments and it shall be the goal of the department (~~of health~~) to attain geographic equity between Grays Harbor, Willapa Bay, and Puget Sound when making funds available under this program.

(d) For the purposes of this subsection, "geographic equity" means issuing on-site sewage grants or loans at a level that matches the funds generated from the oyster reserve lands in that area.

(2) In Puget Sound, the (~~department of health~~) local governments shall give first priority to areas that are:

(a) Identified as "areas of special concern" under WAC 246-272-01001;

(b) Included within a shellfish protection district under chapter 90.72 RCW;

or

(c) Identified as a marine recovery area under chapter 70.118A RCW.

(3) In Grays Harbor and Pacific counties, the (~~department of health~~) local governments shall give first priority to preventing the deterioration of water quality in areas where commercial or recreational shellfish are grown.

(4) The department (~~of health~~) and each participating local (~~health jurisdiction~~) government shall enter into a memorandum of understanding that will establish an applicant income eligibility requirement for individual grant applicants from within the jurisdiction and other mutually agreeable terms and conditions of the grant program.

(5) (~~The department of health may recover the costs to administer this program not to exceed ten percent of the shellfish on-site sewage grant program.~~

(~~6~~) For the 2007-2009 biennium, from the funds received under this section, Pacific county (~~may~~) shall transfer up to two hundred thousand dollars to the department (~~of fish and wildlife for research identified by the department of fish and wildlife~~). Upon receiving the funds from Pacific county, the department and the appropriate oyster reserve advisory committee under RCW 77.60.160 shall identify and execute specific research projects with those funds.

Sec. 2. RCW 77.60.160 and 2007 c 341 s 44 are each amended to read as follows:

(1) The oyster reserve land account is created in the state treasury. All receipts from revenues from the lease of land or sale of shellfish from oyster reserve lands 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 provided in this section.

(2) Funds in the account shall be used for the purposes provided for in this subsection:

(a) Up to forty percent for:

(i) The management expenses incurred by the department that are directly attributable to the management of the oyster reserve lands; and (~~for~~)

(ii) The expenses associated with new bivalve shellfish research and development activities at the Pt. Whitney and Nahcotta shellfish laboratories managed by the department. As used in this subsection, "new research and development activities" includes an emphasis on the control of aquatic nuisance species and burrowing shrimp. New research and development activities must be identified by the department and the appropriate oyster reserve advisory committee;

(b) Up to ten percent may be deposited into the state general fund; and

(c) Except as provided in subsection (3) of this section, all remaining funds in the account shall be used for the shellfish - on-site sewage grant program established in RCW 70.118.140 (as recodified by this act).

(3)(a) No later than January 1st of each year, ((from revenues received from the Willapa bay oyster reserve, the department shall transfer one hundred thousand dollars to the on-site sewage grant program established in RCW 70.118.140)) the department shall transfer up to fifty percent of the annual revenues generated in the preceding year from the Willapa harbor oyster reserve to the on-site sewage grant program established under RCW 70.118.140 (as recodified by this act) as necessary to achieve a fund balance of one hundred thousand dollars.

(b) All remaining revenues received from the Willapa ((bay)) harbor oyster reserve shall be used to fund research activities as specified in subsection (2)(a) of this section.

NEW SECTION. Sec. 3. RCW 70.118.140 is recodified as a section in chapter 77.60 RCW.

Passed by the House February 15, 2008.

Passed by the Senate March 7, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 203

[Substitute House Bill 2963]

WSU STUDENT EMPLOYEES—COLLECTIVE BARGAINING

AN ACT Relating to collective bargaining for Washington State University employees who are enrolled in academic programs; adding a new section to chapter 41.56 RCW; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. (1) The legislature acknowledges the ability of student employees who provide instructional, research, and related academic services at the University of Washington to collectively bargain and recognizes that student employees performing equivalent services at Washington State University do not enjoy collective bargaining rights. The legislature further recognizes that while the titles of the student employees may differ between the two institutions, student employees at Washington State University should enjoy the same collective bargaining rights as their counterparts at the University of Washington. The legislature therefore intends to grant bargaining rights to student employees at Washington State University to the same extent such rights are granted to student employees at the University of Washington.

(2) This act is intended to promote cooperative labor relations between Washington State University and the employees who provide instructional, research, and related academic services, and who are enrolled as students at the university by extending collective bargaining rights under chapter 41.56 RCW and using the orderly procedures administered by the public employment relations commission. To achieve this end, the legislature intends that under chapter 41.56 RCW the university will exclusively bargain in good faith over all matters within the scope of bargaining under section 2 of this act.

(3) The legislature recognizes the importance of the shared governance practices developed at Washington State University. The legislature does not intend to restrict, limit, or prohibit the exercise of the functions of the faculty in any shared governance mechanisms or practices, including the faculty senate, faculty councils, and faculty codes of Washington State University; nor does the legislature intend to restrict, limit, or prohibit the exercise of the functions of the graduate and professional student association, the associated students of Washington State University, or any other student organization in matters outside the scope of bargaining covered by chapter 41.56 RCW.

(4) The legislature intends that nothing in this act will restrict, limit, or prohibit Washington State University from consideration of the merits, necessity, or organization of any program, activity, or service established by Washington State University, including, but not limited to, any decision to establish, modify, or discontinue any such program, activity, or service. The legislature further intends that nothing in this act will restrict, limit, or prohibit Washington State University from having sole discretion over admission requirements for students, criterion for the award of certificates and degrees to students, academic criterion for selection of employees covered by this act, initial appointment of students, and the content, conduct, and supervision of courses, curricula, grading requirements, and research programs.

(5) The legislature does not intend to limit the matters excluded from collective bargaining to those items specified in section 2 of this act.

NEW SECTION. Sec. 2. A new section is added to chapter 41.56 RCW to read as follows:

(1) In addition to the entities listed in RCW 41.56.020, this chapter applies to Washington State University with respect to employees who are enrolled in an academic program and are in a classification in (a) through (g) of this subsection on any Washington State University campus. The employees in (a) through (g) of this subsection constitute an appropriate bargaining unit:

- (a) Graduate teaching assistant;
- (b) Graduate staff assistant;
- (c) Graduate project assistant;
- (d) Graduate veterinary assistant;
- (e) Tutor, reader, and graders in all academic units and tutoring centers;
- (f) Except as provided in this subsection (1)(f), graduate research assistant.

The employees that constitute an appropriate bargaining unit under this subsection (1) do not include graduate research assistants who are performing research primarily related to their dissertation and who have incidental or no service expectations placed upon them by the university; and

(g) All employees enrolled in an academic program whose duties and responsibilities are substantially equivalent to those employees in (a) through (f) of this subsection.

(2)(a) The scope of bargaining for employees at Washington State University under this section excludes:

(i) The ability to terminate the employment of any individual if the individual is not meeting academic requirements as determined by Washington State University;

(ii) The amount of tuition or fees at Washington State University. However, tuition and fee remission and waiver is within the scope of bargaining;

(iii) The academic calendar of Washington State University; and

(iv) The number of students to be admitted to a particular class or class section at Washington State University.

(b)(i) Except as provided in (b)(ii) of this subsection, provisions of collective bargaining agreements relating to compensation must not exceed the amount or percentage established by the legislature in the appropriations act. If any compensation provision is affected by subsequent modification of the appropriations act by the legislature, both parties must immediately enter into collective bargaining for the sole purpose of arriving at a mutually agreed upon replacement for the affected provision.

(ii) Washington State University may provide additional compensation to student employees covered by this section that exceeds that provided by the legislature.

NEW SECTION. Sec. 3. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the House March 8, 2008.

Passed by the Senate March 4, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 204

[House Bill 3019]

EDUCATIONAL EMPLOYEES—PART-TIME—RETIREMENT SERVICE CREDIT

AN ACT Relating to service credit for members working a partial year in plans 2 and 3 of the teachers' retirement system and the school employees' retirement system; amending RCW 41.35.180; and reenacting and amending RCW 41.32.010.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 41.32.010 and 2007 c 398 s 3 and 2007 c 50 s 1 are each reenacted and amended to read as follows:

As used in this chapter, unless a different meaning is plainly required by the context:

(1)(a) "Accumulated contributions" for plan 1 members, means the sum of all regular annuity contributions and, except for the purpose of withdrawal at the time of retirement, any amount paid under RCW 41.50.165(2) with regular interest thereon.

(b) "Accumulated contributions" for plan 2 members, means the sum of all contributions standing to the credit of a member in the member's individual account, including any amount paid under RCW 41.50.165(2), together with the regular interest thereon.

(2) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of such mortality tables and regulations as shall be adopted by the director and regular interest.

(3) "Annuity" means the moneys payable per year during life by reason of accumulated contributions of a member.

(4) "Member reserve" means the fund in which all of the accumulated contributions of members are held.

(5)(a) "Beneficiary" for plan 1 members, means any person in receipt of a retirement allowance or other benefit provided by this chapter.

(b) "Beneficiary" for plan 2 and plan 3 members, means any person in receipt of a retirement allowance or other benefit provided by this chapter resulting from service rendered to an employer by another person.

(6) "Contract" means any agreement for service and compensation between a member and an employer.

(7) "Creditable service" means membership service plus prior service for which credit is allowable. This subsection shall apply only to plan 1 members.

(8) "Dependent" means receiving one-half or more of support from a member.

(9) "Disability allowance" means monthly payments during disability. This subsection shall apply only to plan 1 members.

(10)(a) "Earnable compensation" for plan 1 members, means:

(i) All salaries and wages paid by an employer to an employee member of the retirement system for personal services rendered during a fiscal year. In all cases where compensation includes maintenance the employer shall fix the value of that part of the compensation not paid in money.

(ii) For an employee member of the retirement system teaching in an extended school year program, two consecutive extended school years, as defined by the employer school district, may be used as the annual period for determining earnable compensation in lieu of the two fiscal years.

(iii) "Earnable compensation" for plan 1 members also includes the following actual or imputed payments, which are not paid for personal services:

(A) Retroactive payments to an individual by an employer on reinstatement of the employee in a position, or payments by an employer to an individual in lieu of reinstatement in a position which are awarded or granted as the equivalent of the salary or wages which the individual would have earned during a payroll period shall be considered earnable compensation and the individual shall receive the equivalent service credit.

(B) If a leave of absence, without pay, is taken by a member for the purpose of serving as a member of the state legislature, and such member has served in the legislature five or more years, the salary which would have been received for the position from which the leave of absence was taken shall be considered as compensation earnable if the employee's contribution thereon is paid by the employee. In addition, where a member has been a member of the state legislature for five or more years, earnable compensation for the member's two highest compensated consecutive years of service shall include a sum not to

exceed thirty-six hundred dollars for each of such two consecutive years, regardless of whether or not legislative service was rendered during those two years.

(iv) For members employed less than full time under written contract with a school district, or community college district, in an instructional position, for which the member receives service credit of less than one year in all of the years used to determine the earnable compensation used for computing benefits due under RCW 41.32.497, 41.32.498, and 41.32.520, the member may elect to have earnable compensation defined as provided in RCW 41.32.345. For the purposes of this subsection, the term "instructional position" means a position in which more than seventy-five percent of the member's time is spent as a classroom instructor (including office hours), a librarian, a psychologist, a social worker, a nurse, a physical therapist, an occupational therapist, a speech language pathologist or audiologist, or a counselor. Earnable compensation shall be so defined only for the purpose of the calculation of retirement benefits and only as necessary to insure that members who receive fractional service credit under RCW 41.32.270 receive benefits proportional to those received by members who have received full-time service credit.

(v) "Earnable compensation" does not include:

(A) Remuneration for unused sick leave authorized under RCW 41.04.340, 28A.400.210, or 28A.310.490;

(B) Remuneration for unused annual leave in excess of thirty days as authorized by RCW 43.01.044 and 43.01.041;

(C) Bonuses for certification from the national board for professional teaching standards authorized under RCW 28A.405.415.

(b) "Earnable compensation" for plan 2 and plan 3 members, means salaries or wages earned by a member during a payroll period for personal services, including overtime payments, and shall include wages and salaries deferred under provisions established pursuant to sections 403(b), 414(h), and 457 of the United States Internal Revenue Code, but shall exclude lump sum payments for deferred annual sick leave, unused accumulated vacation, unused accumulated annual leave, bonuses for certification from the national board for professional teaching standards authorized under RCW 28A.405.415, or any form of severance pay.

"Earnable compensation" for plan 2 and plan 3 members also includes the following actual or imputed payments which, except in the case of (b)(ii)(B) of this subsection, are not paid for personal services:

(i) Retroactive payments to an individual by an employer on reinstatement of the employee in a position or payments by an employer to an individual in lieu of reinstatement in a position which are awarded or granted as the equivalent of the salary or wages which the individual would have earned during a payroll period shall be considered earnable compensation, to the extent provided above, and the individual shall receive the equivalent service credit.

(ii) In any year in which a member serves in the legislature the member shall have the option of having such member's earnable compensation be the greater of:

(A) The earnable compensation the member would have received had such member not served in the legislature; or

(B) Such member's actual earnable compensation received for teaching and legislative service combined. Any additional contributions to the retirement system required because compensation earnable under (b)(ii)(A) of this subsection is greater than compensation earnable under (b)(ii)(B) of this subsection shall be paid by the member for both member and employer contributions.

(11) "Employer" means the state of Washington, the school district, or any agency of the state of Washington by which the member is paid.

(12) "Fiscal year" means a year which begins July 1st and ends June 30th of the following year.

(13) "Former state fund" means the state retirement fund in operation for teachers under chapter 187, Laws of 1923, as amended.

(14) "Local fund" means any of the local retirement funds for teachers operated in any school district in accordance with the provisions of chapter 163, Laws of 1917 as amended.

(15) "Member" means any teacher included in the membership of the retirement system who has not been removed from membership under RCW 41.32.878 or 41.32.768. Also, any other employee of the public schools who, on July 1, 1947, had not elected to be exempt from membership and who, prior to that date, had by an authorized payroll deduction, contributed to the member reserve.

(16) "Membership service" means service rendered subsequent to the first day of eligibility of a person to membership in the retirement system: PROVIDED, That where a member is employed by two or more employers the individual shall receive no more than one service credit month during any calendar month in which multiple service is rendered. The provisions of this subsection shall apply only to plan 1 members.

(17) "Pension" means the moneys payable per year during life from the pension reserve.

(18) "Pension reserve" is a fund in which shall be accumulated an actuarial reserve adequate to meet present and future pension liabilities of the system and from which all pension obligations are to be paid.

(19) "Prior service" means service rendered prior to the first date of eligibility to membership in the retirement system for which credit is allowable. The provisions of this subsection shall apply only to plan 1 members.

(20) "Prior service contributions" means contributions made by a member to secure credit for prior service. The provisions of this subsection shall apply only to plan 1 members.

(21) "Public school" means any institution or activity operated by the state of Washington or any instrumentality or political subdivision thereof employing teachers, except the University of Washington and Washington State University.

(22) "Regular contributions" means the amounts required to be deducted from the compensation of a member and credited to the member's individual account in the member reserve. This subsection shall apply only to plan 1 members.

(23) "Regular interest" means such rate as the director may determine.

(24)(a) "Retirement allowance" for plan 1 members, means monthly payments based on the sum of annuity and pension, or any optional benefits payable in lieu thereof.

(b) "Retirement allowance" for plan 2 and plan 3 members, means monthly payments to a retiree or beneficiary as provided in this chapter.

(25) "Retirement system" means the Washington state teachers' retirement system.

(26)(a) "Service" for plan 1 members means the time during which a member has been employed by an employer for compensation.

(i) If a member is employed by two or more employers the individual shall receive no more than one service credit month during any calendar month in which multiple service is rendered.

(ii) As authorized by RCW 28A.400.300, up to forty-five days of sick leave may be creditable as service solely for the purpose of determining eligibility to retire under RCW 41.32.470.

(iii) As authorized in RCW 41.32.065, service earned in an out-of-state retirement system that covers teachers in public schools may be applied solely for the purpose of determining eligibility to retire under RCW 41.32.470.

(b) "Service" for plan 2 and plan 3 members, means periods of employment by a member for one or more employers for which earnable compensation is earned subject to the following conditions:

(i) A member employed in an eligible position or as a substitute shall receive one service credit month for each month of September through August of the following year if he or she earns earnable compensation for eight hundred ten or more hours during that period and is employed during nine of those months, except that a member may not receive credit for any period prior to the member's employment in an eligible position except as provided in RCW 41.32.812 and 41.50.132;

(ii) Any other member employed in an eligible position or as a substitute who earns earnable compensation during the period from September through August shall receive service credit according to one of the following methods, whichever provides the most service credit to the member:

(A) If a member is employed either in an eligible position or as a substitute teacher for nine months of the twelve month period between September through August of the following year but earns earnable compensation for less than eight hundred ten hours but for at least six hundred thirty hours, he or she will receive one-half of a service credit month for each month of the twelve month period;

~~((iii))~~ (B) If a member is employed in an eligible position or as a substitute teacher for at least five months of a six-month period between September through August of the following year and earns earnable compensation for six hundred thirty or more hours within the six-month period, he or she will receive a maximum of six service credit months for the school year, which shall be recorded as one service credit month for each month of the six-month period:

(C) All other members employed in an eligible position or as a substitute teacher shall receive service credit as follows:

~~((A))~~ (I) A service credit month is earned in those calendar months where earnable compensation is earned for ninety or more hours;

~~((B))~~ (II) A half-service credit month is earned in those calendar months where earnable compensation is earned for at least seventy hours but less than ninety hours; and

~~((C))~~ (III) A quarter-service credit month is earned in those calendar months where earnable compensation is earned for less than seventy hours.

~~((iv))~~ (iii) Any person who is a member of the teachers' retirement system and who is elected or appointed to a state elective position may continue to be a member of the retirement system and continue to receive a service credit month for each of the months in a state elective position by making the required member contributions.

~~((v))~~ (iv) When an individual is employed by two or more employers the individual shall only receive one month's service credit during any calendar month in which multiple service for ninety or more hours is rendered.

~~((vi))~~ (v) As authorized by RCW 28A.400.300, up to forty-five days of sick leave may be creditable as service solely for the purpose of determining eligibility to retire under RCW 41.32.470. For purposes of plan 2 and plan 3 "forty-five days" as used in RCW 28A.400.300 is equal to two service credit months. Use of less than forty-five days of sick leave is creditable as allowed under this subsection as follows:

(A) Less than eleven days equals one-quarter service credit month;

(B) Eleven or more days but less than twenty-two days equals one-half service credit month;

(C) Twenty-two days equals one service credit month;

(D) More than twenty-two days but less than thirty-three days equals one and one-quarter service credit month;

(E) Thirty-three or more days but less than forty-five days equals one and one-half service credit month.

~~((vii))~~ (vi) As authorized in RCW 41.32.065, service earned in an out-of-state retirement system that covers teachers in public schools may be applied solely for the purpose of determining eligibility to retire under RCW 41.32.470.

~~((viii))~~ (vii) The department shall adopt rules implementing this subsection.

(27) "Service credit year" means an accumulation of months of service credit which is equal to one when divided by twelve.

(28) "Service credit month" means a full service credit month or an accumulation of partial service credit months that are equal to one.

(29) "Teacher" means any person qualified to teach who is engaged by a public school in an instructional, administrative, or supervisory capacity. The term includes state, educational service district, and school district superintendents and their assistants and all employees certificated by the superintendent of public instruction; and in addition thereto any full time school doctor who is employed by a public school and renders service of an instructional or educational nature.

(30) "Average final compensation" for plan 2 and plan 3 members, means the member's average earnable compensation of the highest consecutive sixty service credit months prior to such member's retirement, termination, or death. Periods constituting authorized leaves of absence may not be used in the calculation of average final compensation except under RCW 41.32.810(2).

(31) "Retiree" means any person who has begun accruing a retirement allowance or other benefit provided by this chapter resulting from service rendered to an employer while a member.

(32) "Department" means the department of retirement systems created in chapter 41.50 RCW.

(33) "Director" means the director of the department.

(34) "State elective position" means any position held by any person elected or appointed to statewide office or elected or appointed as a member of the legislature.

(35) "State actuary" or "actuary" means the person appointed pursuant to RCW 44.44.010(2).

(36) "Substitute teacher" means:

(a) A teacher who is hired by an employer to work as a temporary teacher, except for teachers who are annual contract employees of an employer and are guaranteed a minimum number of hours; or

(b) Teachers who either (i) work in ineligible positions for more than one employer or (ii) work in an ineligible position or positions together with an eligible position.

(37)(a) "Eligible position" for plan 2 members from June 7, 1990, through September 1, 1991, means a position which normally requires two or more uninterrupted months of creditable service during September through August of the following year.

(b) "Eligible position" for plan 2 and plan 3 on and after September 1, 1991, means a position that, as defined by the employer, normally requires five or more months of at least seventy hours of earnable compensation during September through August of the following year.

(c) For purposes of this chapter an employer shall not define "position" in such a manner that an employee's monthly work for that employer is divided into more than one position.

(d) The elected position of the superintendent of public instruction is an eligible position.

(38) "Plan 1" means the teachers' retirement system, plan 1 providing the benefits and funding provisions covering persons who first became members of the system prior to October 1, 1977.

(39) "Plan 2" means the teachers' retirement system, plan 2 providing the benefits and funding provisions covering persons who first became members of the system on and after October 1, 1977, and prior to July 1, 1996.

(40) "Plan 3" means the teachers' retirement system, plan 3 providing the benefits and funding provisions covering persons who first become members of the system on and after July 1, 1996, or who transfer under RCW 41.32.817.

(41) "Index" means, for any calendar year, that year's annual average consumer price index, Seattle, Washington area, for urban wage earners and clerical workers, all items compiled by the bureau of labor statistics, United States department of labor.

(42) "Index A" means the index for the year prior to the determination of a postretirement adjustment.

(43) "Index B" means the index for the year prior to index A.

(44) "Index year" means the earliest calendar year in which the index is more than sixty percent of index A.

(45) "Adjustment ratio" means the value of index A divided by index B.

(46) "Annual increase" means, initially, fifty-nine cents per month per year of service which amount shall be increased each July 1st by three percent, rounded to the nearest cent.

(47) "Member account" or "member's account" for purposes of plan 3 means the sum of the contributions and earnings on behalf of the member in the defined contribution portion of plan 3.

(48) "Separation from service or employment" occurs when a person has terminated all employment with an employer. Separation from service or employment does not occur, and if claimed by an employer or employee may be a violation of RCW 41.32.055, when an employee and employer have a written or oral agreement to resume employment with the same employer following termination. Mere expressions or inquiries about postretirement employment by an employer or employee that do not constitute a commitment to reemploy the employee after retirement are not an agreement under this section.

(49) "Employed" or "employee" means a person who is providing services for compensation to an employer, unless the person is free from the employer's direction and control over the performance of work. The department shall adopt rules and interpret this subsection consistent with common law.

Sec. 2. RCW 41.35.180 and 1998 c 341 s 19 are each amended to read as follows:

(1) Except for any period prior to the member's employment in an eligible position, a plan 2 or plan 3 member who is employed by a school district or districts or an educational service district:

(a) Shall receive a service credit month for each month of the period from September through August of the following year if he or she is employed in an eligible position, earns compensation earnable for eight hundred ten hours or more during that period, and is employed during nine months of that period;

(b) Who earns earnable compensation in an eligible position during the period from September through August, except under (a) of this subsection, shall receive service credit according to one of the following methods, whichever provides the most service credit to the member:

(i) If a member in an eligible position for each month of the period from September through August of the following year does not meet the hours requirements of (a) of this subsection, the member is entitled to one-half service credit month for each month of the period if he or she earns earnable compensation for at least six hundred thirty hours but less than eight hundred ten hours during that period, and is employed nine months of that period;

~~((e))~~ (ii) A member employed in an eligible position for at least five months of a six-month period between September through August of the following year who earns earnable compensation for six hundred thirty or more hours within the six-month period will receive a maximum of six service credit months for the school year, recorded as one service credit month for each month of the six-month period:

(iii) In all other instances, a member in an eligible position is entitled to service credit months as follows:

~~((+))~~ (A) One service credit month for each month in which compensation is earned for ninety or more hours;

~~((+))~~ (B) One-half service credit month for each month in which compensation is earned for at least seventy hours but less than ninety hours; and

~~((+))~~ (C) One-quarter service credit month for each month in which compensation is earned for less than seventy hours.

(2) The department shall adopt rules implementing this section.

Passed by the House February 19, 2008.
Passed by the Senate March 7, 2008.
Approved by the Governor March 27, 2008.
Filed in Office of Secretary of State March 28, 2008.

CHAPTER 205

[Engrossed Substitute House Bill 3329]

HIGHER EDUCATION—CAPITAL PROJECT REQUESTS

AN ACT Relating to the prioritization of public four-year institution capital project requests; amending RCW 28B.76.210; adding a new chapter to Title 43 RCW; creating new sections; and repealing RCW 28B.76.220.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that the state's public four-year institutions and the higher education coordinating board have made progress in developing a process to create a single prioritized list of capital project requests as required under RCW 28B.76.220. The legislature also finds that this process requires further refinement to achieve the state's policy objectives as outlined in the higher education coordinating board's strategic master plan for higher education in Washington. The legislature further finds the goal of creating additional, innovative facilities and programs that meet the learning needs of students throughout the state in a timely and cost-effective fashion requires a new approach to facility prioritization that emphasizes strategic planning. The legislature therefore intends to establish a new process for prioritizing capital project requests by the four-year institutions that utilizes the expertise and government-wide perspective of the office of financial management, and that is based upon the model that has been used successfully by the community and technical college system. The new process must emphasize objective analysis, a statewide perspective, and a strategic balance among facility preservation, new construction, and innovative delivery mechanisms. The legislature further recognizes that institutions of higher education are likely to require substantial new capital investments in order to continue to provide a wide range of high quality programs to students and the community, and that the state's ability to provide such resources is constrained by increasing capital expenditure needs within the K-12, public safety, social services, and community economic development arenas. The legislature therefore intends to identify and assess potential alternative means for increasing the capacity of public higher education institutions to meet the demands of the twenty-first century.

NEW SECTION. Sec. 2. (1) By October 15th of each even-numbered year, the office of financial management shall complete an objective analysis and scoring of all capital budget projects proposed by the public four-year institutions of higher education and submit the results of the scoring process to the legislative fiscal committees, the higher education coordinating board, and the four-year institutions, except that, for 2008, the office of financial management shall complete the objective analysis and scoring by November 1st. Each project must be reviewed and scored within one of the following categories, according to the project's principal purpose. Each project may be scored in only one category. The categories are:

(a) Access-related projects to accommodate enrollment growth at main and branch campuses, at existing or new university centers, or through distance learning. Growth projects should provide significant additional student capacity. Proposed projects must demonstrate that they are based on solid enrollment demand projections, more cost-effectively provide enrollment access than alternatives such as university centers and distance learning, and make cost-effective use of existing and proposed new space;

(b) Projects that replace failing permanent buildings or renovate facilities to restore building life and upgrade space to meet current program requirements. Facilities that cannot be economically renovated are considered replacement projects. Renovation projects should represent a complete renovation of a total facility or an isolated wing of a facility. A reasonable renovation project should cost between sixty to eighty percent of current replacement value and restore the renovated area to at least twenty-five years of useful life. New space may be programmed for the same or a different use than the space being replaced or renovated and may include additions to improve access and enhance the relationship of program or support space;

(c) Major stand-alone campus infrastructure projects;

(d) Projects that promote economic growth and innovation through expanded research activity. The acquisition and installation of specialized equipment is authorized under this category; and

(e) Other project categories as determined by the office of financial management in consultation with the legislative fiscal committees.

(2) The office of financial management, in consultation with the legislative fiscal committees and the joint legislative audit and review committee, shall establish a scoring system and process for each four-year project category that is based on the framework used in the community and technical college system of prioritization. Staff from the state board for community and technical colleges, the higher education coordinating board, and the four-year institutions shall provide technical assistance on the development of a scoring system and process.

(3) The office of financial management shall consult with the legislative fiscal committees in the scoring of four-year institution project proposals, and may also solicit participation by the joint legislative audit and review committee and independent experts.

(a) For each four-year project category, the scoring system must, at a minimum, include an evaluation of enrollment trends, reasonableness of cost, the ability of the project to enhance specific strategic master plan goals, age and condition of the facility if applicable, and impact on space utilization.

(b) Each four-year project category may include projects at the predesign, design, or construction funding phase.

(c) To the extent possible, the objective analysis and scoring system of all capital budget projects shall occur within the context of any and all performance agreements between the office of financial management and the governing board of a public, four-year institution of higher education that aligns goals, priorities, desired outcomes, flexibility, institutional mission, accountability, and levels of resources.

(4) In evaluating and scoring four-year institution projects, the office of financial management shall take into consideration project schedules that result

in realistic, balanced, and predictable expenditure patterns over the ensuing three biennia.

(5) The office of financial management shall distribute common definitions, the scoring system, and other information required for the project proposal and scoring process as part of its biennial budget instructions, except that, for the 2009-2011 budget development cycle, this information must be distributed by July 1, 2008. The office of financial management, in consultation with the legislative fiscal committees and the joint legislative audit and review committee, shall develop common definitions that four-year institutions must use in developing their project proposals and lists under this section.

(6) In developing any scoring system for capital projects proposed by the four-year institutions, the office of financial management:

(a) Shall be provided with all required information by the four-year institutions as deemed necessary by the office of financial management;

(b) May utilize independent services to verify, sample, or evaluate information provided to the office of financial management by the four-year institutions; and

(c) Shall have full access to all data maintained by the higher education coordinating board and the joint legislative audit and review committee concerning the condition of higher education facilities.

(7) By August 15th of each even-numbered year, beginning in 2008, each public four-year higher education institution shall prepare and submit prioritized lists of the individual projects proposed by the institution for the ensuing six-year period in each category. On a pilot basis, the office of financial management shall require one research university to prepare two separate prioritized lists for each category, one for the main campus, and one covering all of the institution's branch campuses. The office of financial management shall report to the legislative fiscal committees by December 1, 2009, on the effect of this pilot project on capital project financing for all branch campuses. The lists must be submitted to the office of financial management and the legislative fiscal committees. The four-year institutions may aggregate minor works project proposals by primary purpose for ranking purposes. Proposed minor works projects must be prioritized within the aggregated proposal, and supporting documentation, including project descriptions and cost estimates, must be provided to the office of financial management and the legislative fiscal committees.

NEW SECTION. Sec. 3. The office of financial management shall submit a higher education capital facility financing study to the governor and the appropriate legislative fiscal committees by December 1, 2008. In designing and conducting the study, the office of financial management shall consult with legislative and fiscal committee leadership, the department of revenue, the state investment board, the higher education coordinating board, the state board for community and technical colleges, and the public four-year institutions of higher education. The study must include:

(1) A review of the methods that are used to fund higher education facility expansion and improvements in other states, with particular emphasis on Washington's global challenge states, and the relative portions of such expenditures that are borne by students, state taxpayers, federal grants, and private contributions;

(2) An examination of alternatives for reducing facility construction and maintenance expenditures per student through strategies such as expansion of distance learning opportunities, increased scheduling of classes during evenings and weekends, the establishment of expected cost benchmarks by facility type, and other means; and

(3) An assessment of the strengths and weaknesses of potential new revenue sources that might be applied to the funding of higher education facilities. These alternative sources must include, but not be limited to, adjusting student fees to support a larger share of the cost of such facilities, bonding against student fee revenues, utilizing local tax revenues to support local higher education capital needs, promoting business participation in the financing of programs strongly linked to area economic development, and other means.

Sec. 4. RCW 28B.76.210 and 2007 c 458 s 202 are each amended to read as follows:

(1) The board shall collaborate with the four-year institutions including the council of presidents, the community and technical college system, and when appropriate the workforce training and education coordinating board, the superintendent of public instruction, and the independent higher educational institutions to identify budget priorities and levels of funding for higher education, including the two and four-year institutions of higher education and state financial aid programs. It is the intent of the legislature that recommendations from the board reflect not merely the sum of budget requests from multiple institutions, but prioritized funding needs for the overall system of higher education.

(2) By December of each odd-numbered year, the board shall distribute guidelines which outline the board's fiscal priorities to the institutions and the state board for community and technical colleges.

(a) The institutions and the state board for community and technical colleges shall submit an outline of their proposed operating budgets to the board no later than July 1st of each even-numbered year. Pursuant to guidelines developed by the board, operating budget outlines submitted by the institutions and the state board for community and technical colleges after January 1, 2007, shall include all policy changes and enhancements that will be requested by the institutions and the state board for community and technical colleges in their respective biennial budget requests. Operating budget outlines shall include a description of each policy enhancement, the dollar amount requested, and the fund source being requested.

(b) Capital budget outlines for the two-year institutions shall be submitted by August 15th of each even-numbered year, and shall include the prioritized ranking of the capital projects being requested ((by two year and four year institutions, respectively-), a description of each capital project, and the amount and fund source being requested((, shall be included for each capital project appearing in the prioritized ranking)).

(c) Capital budget outlines for the four-year institutions must be submitted by August 15th of each even-numbered year, and must include: The institutions' priority ranking of the project; the capital budget category within which the project will be submitted to the office of financial management in accordance with section 2 of this act; a description of each capital project; and the amount and fund source being requested.

(d) The office of financial management shall reference these reporting requirements in its budget instructions.

(3) The board shall review and evaluate the operating and capital budget requests from four-year institutions and the community and technical college system based on how the requests align with the board's budget priorities, the missions of the institutions, and the statewide strategic master plan for higher education under RCW 28B.76.200.

(4) The board shall submit recommendations on the proposed ~~((budgets))~~ operating budget and ~~((on the board's budget))~~ priorities to the office of financial management ~~((before))~~ by October 1st of each even-numbered year, and to the legislature by January 1st of each odd-numbered year. The board's capital budget recommendations for the community and technical college system and the four-year institutions must be submitted to the office of financial management by November 15th of each even-numbered year and to the legislature by January 1st of each odd-numbered year. The board's recommendations for the four-year institutions must include the relative share of the higher education capital budget that the board recommends be assigned to each project category, as defined in section 2 of this act, and to minor works program and preservation.

(5) Institutions and the state board for community and technical colleges shall submit any supplemental budget requests and revisions to the board at the same time they are submitted to the office of financial management. The board shall submit recommendations on the proposed supplemental budget requests to the office of financial management by November 1st and to the legislature by January 1st.

NEW SECTION. Sec. 5. RCW 28B.76.220 (Prioritized capital project lists for higher education institutions) and 2004 c 275 s 8 & 2003 1st sp.s. c 8 s 2 are each repealed.

NEW SECTION. Sec. 6. Section 2 of this act constitutes a new chapter in Title 43 RCW.

Passed by the House March 12, 2008.

Passed by the Senate March 11, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 206

[Senate Bill 5868]

CIVIL DISORDER—DEFINITION

AN ACT Relating to defining civil disorder; amending RCW 9A.48.120; and prescribing penalties.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 9A.48.120 and 2002 c 340 s 1 are each amended to read as follows:

(1) A person is guilty of civil disorder training if he or she teaches or demonstrates to any other person the use, application, or making of any device or technique capable of causing significant bodily injury or death to persons,

knowing, or having reason to know or intending that same will be unlawfully employed for use in, or in furtherance of, a civil disorder.

(2) Civil disorder training is a class B felony.

(3) Nothing in this section makes unlawful any act of any law enforcement officer that is performed in the lawful performance of his or her official duties.

(4) Nothing in this section makes unlawful any act of firearms training, target shooting, or other firearms activity, so long as it is not done for the purpose of furthering a civil disorder.

(5) For the purposes of this section:

(a) "Civil disorder" means any public disturbance involving acts of violence that is intended to cause an immediate danger of, or to result in, significant injury to property or the person of any other individual.

(b) "Law enforcement officer" means any law enforcement officer as defined in RCW 9A.76.020(2) including members of the Washington national guard, as defined in RCW 38.04.010.

Passed by the Senate February 12, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 207

[Senate Bill 5878]

IDENTITY THEFT

AN ACT Relating to identity theft; amending RCW 9.35.001 and 9.35.020; adding a new section to chapter 9.35 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature enacts sections 3 and 4 of this act to expressly reject the interpretation of *State v. Leyda*, 157 Wn.2d 335, 138 P.3d 610 (2006), which holds that the unit of prosecution in identity theft is any one act of either knowingly obtaining, possessing, using, or transferring a single piece of another's identification or financial information, including all subsequent proscribed conduct with that single piece of identification or financial information, when the acts are taken with the requisite intent. The legislature finds that proportionality of punishment requires the need for charging and punishing for obtaining, using, possessing, or transferring any individual person's identification or financial information, with the requisite intent. The legislature specifically intends that each individual who obtains, possesses, uses, or transfers any individual person's identification or financial information, with the requisite intent, be classified separately and punished separately as provided in chapter 9.94A RCW.

NEW SECTION. Sec. 2. A new section is added to chapter 9.35 RCW to read as follows:

(1) A person who has learned or reasonably suspects that his or her financial information or means of identification has been unlawfully obtained, used by, or disclosed to another, as described in this chapter, may file an incident report with a law enforcement agency, by contacting the local law enforcement agency that has jurisdiction over his or her actual residence, place of business, or place

where the crime occurred. The law enforcement agency shall create a police incident report of the matter and provide the complainant with a copy of that report, and may refer the incident report to another law enforcement agency.

(2) Nothing in this section shall be construed to require a law enforcement agency to investigate reports claiming identity theft. An incident report filed under this section is not required to be counted as an open case for purposes of compiling open case statistics.

Sec. 3. RCW 9.35.001 and 1999 c 368 s 1 are each amended to read as follows:

The legislature finds that means of identification and financial information ~~(is)~~ are personal and sensitive information such that if unlawfully obtained, possessed, used, or transferred by others may ~~((do))~~ result in significant harm to a person's privacy, financial security, and other interests. The legislature finds that unscrupulous persons find ever more clever ways, including identity theft, to improperly obtain ~~((and)), possess, use, and transfer another person's means of~~ identification or financial information. The legislature intends to penalize ~~((unscrupulous people))~~ for each unlawful act of improperly obtaining, possessing, using, or transferring means of identification or financial information of an individual person. The unit of prosecution for identity theft by use of a means of identification or financial information is each individual unlawful use of any one person's means of identification or financial information. Unlawfully obtaining, possessing, or transferring each means of identification or financial information of any individual person, with the requisite intent, is a separate unit of prosecution for each victim and for each act of obtaining, possessing, or transferring of the individual person's means of identification or financial information.

Sec. 4. RCW 9.35.020 and 2004 c 273 s 2 are each amended to read as follows:

(1) No person may knowingly obtain, possess, use, or transfer a means of identification or financial information of another person, living or dead, with the intent to commit, or to aid or abet, any crime.

(2) Violation of this section when the accused or an accomplice ~~((uses the victim's means of identification or financial information))~~ violates subsection (1) of this section and obtains ~~((an aggregate total of))~~ credit, money, goods, services, or anything else of value in excess of one thousand five hundred dollars in value shall constitute identity theft in the first degree. Identity theft in the first degree is a class B felony punishable according to chapter 9A.20 RCW.

(3) ~~((Violation of this section when the accused or an accomplice uses the victim's means of identification or financial information and obtains an aggregate total of credit, money, goods, services, or anything else of value that is less than one thousand five hundred dollars in value, or when no credit, money, goods, services, or anything of value is obtained shall constitute identity theft in the second degree.))~~ A person is guilty of identity theft in the second degree when he or she violates subsection (1) of this section under circumstances not amounting to identity theft in the first degree. Identity theft in the second degree is a class C felony punishable according to chapter 9A.20 RCW.

(4) Each crime prosecuted under this section shall be punished separately under chapter 9.94A RCW, unless it is the same criminal conduct as any other crime, under RCW 9.94A.589.

(5) Whenever any series of transactions involving a single person's means of identification or financial information which constitute identity theft would, when considered separately, constitute identity theft in the second degree because of value, and the series of transactions are a part of a common scheme or plan, then the transactions may be aggregated in one count and the sum of the value of all of the transactions shall be the value considered in determining the degree of identity theft involved.

(6) Every person who, in the commission of identity theft, shall commit any other crime may be punished therefor as well as for the identity theft, and may be prosecuted for each crime separately.

(7) A person who violates this section is liable for civil damages of one thousand dollars or actual damages, whichever is greater, including costs to repair the victim's credit record, and reasonable attorneys' fees as determined by the court.

~~((5))~~ (8) In a proceeding under this section, the crime will be considered to have been committed in any locality where the person whose means of identification or financial information was appropriated resides, or in which any part of the offense took place, regardless of whether the defendant was ever actually in that locality.

~~((6))~~ (9) The provisions of this section do not apply to any person who obtains another person's driver's license or other form of identification for the sole purpose of misrepresenting his or her age.

~~((7))~~ (10) In a proceeding under this section in which a person's means of identification or financial information was used without that person's authorization, and when there has been a conviction, the sentencing court may issue such orders as are necessary to correct a public record that contains false information resulting from a violation of this section.

Passed by the Senate March 10, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 208

[Senate Bill 6187]

VETERINARIANS—FOOD ANIMAL—SCHOLARSHIPS

AN ACT Relating to conditional scholarships for food animal veterinarians; reenacting and amending RCW 43.79A.040; adding a new chapter to Title 28B RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that there is a critical shortage of food animal veterinarians particularly in rural areas of the state. The legislature finds that among the factors contributing to this shortage is the need to repay student loans that are taken out to pay for an extensive and high-cost education. To pay these student loans, licensed graduates currently find it

necessary to take higher paying positions that provide service to companion and small animals.

The legislature finds that the livestock industry provides a critical component of the food supply. Providing adequate animal health and disease diagnostic services is of high importance not only to protect animal health, but also for the protection of our food supply, the protection of public health from potential effects of contagious diseases, and to provide an essential disease detection and response capability.

The legislature intends to increase the supply of food animal veterinarians by providing incentives to graduates of Washington State University college of veterinary medicine to focus on food animal health services to address this critical shortage.

NEW SECTION. Sec. 2. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise. (1) "College" means the Washington State University college of veterinary medicine.

(2) "Conditional scholarship" means a loan that is forgiven in whole or in part if the recipient renders service as a food animal veterinarian in this state.

(3) "Eligible student" means a student who is registered for at least six credit hours or the equivalent, is making satisfactory academic progress as defined by the college, has declared veterinary medicine for his or her major, and has a declared intention to practice veterinary medicine with an emphasis in food animal medicine in the state of Washington.

(4) "Food animal" means any species commonly recognized as livestock including, but not limited to, poultry, cattle, swine, and sheep.

(5) "Food animal veterinarian" means a veterinarian licensed and registered under chapter 18.92 RCW and engaged in general and food animal practice as a primary specialty, who has at least fifty percent of his or her practice time devoted to large production animal veterinary practice.

(6) "Forgiven" or "to forgive" or "forgiveness" means to practice veterinary medicine with an emphasis in food animal medicine in the state of Washington in lieu of monetary repayment.

(7) "Participant" means an eligible student who has received a conditional scholarship under this chapter.

(8) "Satisfied" means paid-in-full.

(9) "University" means Washington State University.

NEW SECTION. Sec. 3. The food animal veterinarian conditional scholarship program is established. The program shall be administered by the university. In administering the program, the university has the following powers and duties:

(1) To select, in consultation with the college, up to two students each year to receive conditional scholarships;

(2) To adopt necessary rules and guidelines;

(3) To publicize the program;

(4) To collect and manage repayments from students who do not meet their obligations under this chapter; and

(5) To solicit and accept grants and donations from public and private sources for the program.

NEW SECTION. Sec. 4. (1) The university shall select participants based on an application process conducted by the university.

(2) The university shall establish a selection committee for screening and selecting recipients of the conditional scholarships. The selection committee shall include at least two representatives from the college, at least one of whom is a faculty member teaching in food animal veterinary medicine, and at least one representative from the beef, dairy, or sheep industry.

(3) The selection criteria shall emphasize factors demonstrating a sustained interest in food animals and serving the needs of Washington's agricultural communities. The criteria shall also take into account the need for food animal veterinarians in diverse areas of the state and allocate funds in a manner designed to represent a cross-section of geographic locations.

NEW SECTION. Sec. 5. To remain an eligible student and receive continuing disbursements under the program, a participant must be considered by the college to be making satisfactory academic progress.

NEW SECTION. Sec. 6. The university may award conditional scholarships to eligible students from the funds appropriated to the university for this purpose, or from any private donations, or any other funds given to the university for this program. The amount of the conditional scholarship awarded an individual may not exceed the amount of resident tuition and fees at the college, as well as the cost of room, board, laboratory fees and supplies, and books, incurred by an eligible student and approved by a financial aid administrator at the university. Participants are eligible to receive conditional scholarships for a maximum of five years.

NEW SECTION. Sec. 7. (1) A participant in the conditional scholarship program incurs an obligation to repay the conditional scholarship, with interest, unless he or she is employed as a food animal veterinarian in Washington state for each year of scholarship received, under rules adopted by the university.

(2) The interest rate shall be determined annually by the university.

(3) The minimum payment shall be set by the university. The maximum period for repayment is ten years, with payments of principal and interest accruing quarterly commencing six months from the date the participant completes or discontinues the course of study, including any internship or residency in food animal medicine and surgery. Provisions for deferral of payment shall be determined by the university.

(4) The entire principal and interest of each payment shall be forgiven for each payment period in which the participant is employed as a food animal veterinarian in this state until the entire repayment obligation is satisfied. Should the participant cease to be employed as a food animal veterinarian in this state before the participant's repayment obligation is completed, payments on the unsatisfied portion of the principal and interest shall begin the next payment period and continue until the remainder of the participant's repayment obligation is satisfied.

(5) The university is responsible for collection of repayments made under this section and shall exercise due diligence in such collection, maintaining all necessary records to ensure that maximum repayments are made. Collection and servicing of repayments under this section shall be pursued using the full extent of the law, including wage garnishment if necessary. The university is

responsible to forgive all or parts of such repayments under the criteria established in this section and shall maintain all necessary records of forgiven payments.

(6) Receipts from the payment of principal or interest or any other subsidies to which the university as administrator is entitled, that are paid by or on behalf of participants under this section, shall be deposited in the food animal veterinarian conditional scholarship account and shall be used to cover the costs of granting the conditional scholarships, maintaining necessary records, and making collections under subsection (5) of this section. The university shall maintain accurate records of these costs, and all receipts beyond those necessary to pay such costs shall be used to grant conditional scholarships to eligible students.

(7) The university shall adopt rules to define the terms of repayment, including applicable interest rates, fees, and deferments.

NEW SECTION. Sec. 8. (1) The food animal veterinarian conditional scholarship account is created in the custody of the state treasurer. No appropriation is required for expenditures of funds from the account. The account is not subject to allotment procedures under chapter 43.88 RCW except for moneys used for program administration.

(2) The university shall deposit into the account all moneys received for the program. The account shall be self-sustaining and consist of funds appropriated by the legislature for the food animal veterinarian conditional scholarship program, private contributions to the program, and receipts from participant repayments.

(3) Expenditures from the account may be used solely for conditional scholarships to participants in the program established by this chapter and costs associated with program administration by the university.

(4) Disbursements from the account may be made only on the authorization of the university.

Sec. 9. RCW 43.79A.040 and 2007 c 523 s 5, 2007 c 357 s 21, and 2007 c 214 s 14 are each reenacted and amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury.

(2) All income received from investment of the treasurer's trust fund shall be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment 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)(a) Monthly, the state treasurer shall distribute the earnings credited to the investment income account to the state general fund except under (b) and (c) of this subsection.

(b) The following accounts and funds shall receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The Washington promise scholarship account, the college savings program account, the Washington advanced college tuition payment program account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the students with dependents grant account, the basic health plan self-insurance reserve account, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the Washington international exchange scholarship endowment fund, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family leave insurance account, the food animal veterinarian conditional scholarship account, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the grain inspection revolving fund, the juvenile accountability incentive account, the law enforcement officers' and fire fighters' plan 2 expense fund, the local tourism promotion account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the sulfur dioxide abatement account, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account (earnings from the Washington horse racing commission operating account must be credited to the Washington horse racing commission class C purse fund account), the life sciences discovery fund, the Washington state heritage center account, and the reading achievement account. However, the earnings to be distributed shall first be reduced by the allocation to the state treasurer's service fund pursuant to RCW 43.08.190.

(c) The following accounts and funds shall receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advanced right of way revolving fund, the advanced environmental mitigation revolving account, the city and county advance right-of-way revolving fund, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

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

NEW SECTION. Sec. 10. Sections 1 through 8 of this act constitute a new chapter in Title 28B RCW.

NEW SECTION. Sec. 11. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the Senate March 8, 2008.

Passed by the House March 6, 2008.

Approved by the Governor March 27, 2008.
Filed in Office of Secretary of State March 28, 2008.

CHAPTER 209

[Senate Bill 6196]

LOCAL INFRASTRUCTURE FINANCING TOOL PROGRAM

AN ACT Relating to definitions applicable to local infrastructure financing tool program demonstration projects; amending RCW 39.102.020; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 39.102.020 and 2007 c 229 s 1 are each amended to read as follows:

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

(1) "Annual state contribution limit" means seven million five hundred thousand dollars statewide per fiscal year.

(2) "Assessed value" means the valuation of taxable real property as placed on the last completed assessment roll.

(3) "Base year" means the first calendar year following the calendar year in which a sponsoring local government, and any cosponsoring local government, receives approval by the board for a project award, provided that the approval is granted before October 15th. If approval by the board is received on or after October 15th but on or before December 31st, the "base year" is the second calendar year following the calendar year in which a sponsoring local government, and any cosponsoring local government, receives approval by the board for a project award.

(4) "Board" means the community economic revitalization board under chapter 43.160 RCW.

(5) "Demonstration project" means one of the following projects:

- (a) Bellingham waterfront redevelopment project;
- (b) Spokane river district project at Liberty Lake; and
- (c) Vancouver riverwest project.

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

(7) "Fiscal year" means the twelve-month period beginning July 1st and ending the following June 30th.

(8) "Local excise taxes" means local revenues derived from the imposition of sales and use taxes authorized in RCW 82.14.030 at the tax rate that was in effect at the time the revenue development area was approved by the board, except that if a local government reduces the rate of such tax after the revenue development area was approved by the board, "local excise taxes" means the local revenues derived from the imposition of the sales and use taxes authorized in RCW 82.14.030 at the lower tax rate.

(9) "Local excise tax allocation revenue" means the amount of local excise taxes received by the local government during the measurement year from taxable activity within the revenue development area over and above the amount of local excise taxes received by the local government during the base year from taxable activity within the revenue development area, except that:

(a) If a sponsoring local government adopts a revenue development area and reasonably determines that no activity subject to tax under chapters 82.08 and

82.12 RCW occurred within the boundaries of the revenue development area in the twelve months immediately preceding the approval of the revenue development area by the board, "local excise tax allocation revenue" means the entire amount of local excise taxes received by the sponsoring local government during a calendar year period beginning with the calendar year immediately following the approval of the revenue development area by the board and continuing with each measurement year thereafter; ~~(and)~~

(b) For revenue development areas approved by the board in calendar years 2006 and 2007 that do not meet the requirements in (a) of this subsection and if legislation is enacted in this state during the 2007 legislative session that adopts the sourcing provisions of the streamlined sales and use tax agreement, "local excise tax allocation revenue" means the amount of local excise taxes received by the sponsoring local government during the measurement year from taxable activity within the revenue development area over and above an amount of local excise taxes received by the sponsoring local government during the 2007 or 2008 base year, as the case may be, adjusted by the department for any estimated impacts from retail sales and use tax sourcing changes effective in 2008. The amount of base year adjustment determined by the department is final; and

(c) If the sponsoring local government of a revenue development area related to a demonstration project reasonably determines that no local excise tax distributions were received between August 1, 2008, and December 31, 2008, from within the boundaries of the revenue development area, "local excise tax allocation revenue" means the entire amount of local excise taxes received by the sponsoring local government during a calendar year period beginning with 2009 and continuing with each measurement year thereafter.

(10) "Local government" means any city, town, county, port district, and any federally recognized Indian tribe.

(11) "Local infrastructure financing" means the use of revenues received from local excise tax allocation revenues, local property tax allocation revenues, other revenues from local public sources, and revenues received from the local option sales and use tax authorized in RCW 82.14.475, dedicated to pay either the principal and interest on bonds authorized under RCW 39.102.150 or to pay public improvement costs on a pay-as-you-go basis subject to RCW 39.102.195, or both.

(12) "Local property tax allocation revenue" means those tax revenues derived from the receipt of regular property taxes levied on the property tax allocation revenue value and used for local infrastructure financing.

(13)(a) "Revenues from local public sources" means:

(i) Amounts of local excise tax allocation revenues and local property tax allocation revenues, dedicated by sponsoring local governments, participating local governments, and participating taxing districts, for local infrastructure financing; and

(ii) Any other local revenues, except as provided in (b) of this subsection, including revenues derived from federal and private sources.

(b) Revenues from local public sources do not include any local funds derived from state grants, state loans, or any other state moneys including any local sales and use taxes credited against the state sales and use taxes imposed under chapter 82.08 or 82.12 RCW.

(14) "Low-income housing" means residential housing for low-income persons or families who lack the means which is necessary to enable them, without financial assistance, to live in decent, safe, and sanitary dwellings, without overcrowding. For the purposes of this subsection, "low income" means income that does not exceed eighty percent of the median family income for the standard metropolitan statistical area in which the revenue development area is located.

(15) "Measurement year" means a calendar year, beginning with the calendar year following the base year and each calendar year thereafter, that is used annually to measure state and local excise tax allocation revenues.

(16) "Ordinance" means any appropriate method of taking legislative action by a local government.

(17) "Participating local government" means a local government having a revenue development area within its geographic boundaries that has entered into a written agreement with a sponsoring local government as provided in RCW 39.102.080 to allow the use of all or some of its local excise tax allocation revenues or other revenues from local public sources dedicated for local infrastructure financing.

(18) "Participating taxing district" means a local government having a revenue development area within its geographic boundaries that has entered into a written agreement with a sponsoring local government as provided in RCW 39.102.080 to allow the use of some or all of its local property tax allocation revenues or other revenues from local public sources dedicated for local infrastructure financing.

(19)(a)(i) "Property tax allocation revenue value" means seventy-five percent of any increase in the assessed value of real property in a revenue development area resulting from:

(A) The placement of new construction, improvements to property, or both, on the assessment roll, where the new construction and improvements are initiated after the revenue development area is approved by the board;

(B) The cost of new housing construction, conversion, and rehabilitation improvements, when such cost is treated as new construction for purposes of chapter 84.55 RCW as provided in RCW 84.14.020, and the new housing construction, conversion, and rehabilitation improvements are initiated after the revenue development area is approved by the board;

(C) The cost of rehabilitation of historic property, when such cost is treated as new construction for purposes of chapter 84.55 RCW as provided in RCW 84.26.070, and the rehabilitation is initiated after the revenue development area is approved by the board.

(ii) Increases in the assessed value of real property in a revenue development area resulting from (a)(i)(A) through (C) of this subsection are included in the property tax allocation revenue value in the initial year. These same amounts are also included in the property tax allocation revenue value in subsequent years unless the property becomes exempt from property taxation.

(b) "Property tax allocation revenue value" includes seventy-five percent of any increase in the assessed value of new construction consisting of an entire building in the years following the initial year, unless the building becomes exempt from property taxation.

(c) Except as provided in (b) of this subsection, "property tax allocation revenue value" does not include any increase in the assessed value of real property after the initial year.

(d) There is no property tax allocation revenue value if the assessed value of real property in a revenue development area has not increased as a result of any of the reasons specified in (a)(i)(A) through (C) of this subsection.

(e) For purposes of this subsection, "initial year" means:

(i) For new construction and improvements to property added to the assessment roll, the year during which the new construction and improvements are initially placed on the assessment roll;

(ii) For the cost of new housing construction, conversion, and rehabilitation improvements, when such cost is treated as new construction for purposes of chapter 84.55 RCW, the year when such cost is treated as new construction for purposes of levying taxes for collection in the following year; and

(iii) For the cost of rehabilitation of historic property, when such cost is treated as new construction for purposes of chapter 84.55 RCW, the year when such cost is treated as new construction for purposes of levying taxes for collection in the following year.

(20) "Taxing district" means a government entity that levies or has levied for its regular property taxes upon real property located within a proposed or approved revenue development area.

(21) "Public improvements" means:

(a) Infrastructure improvements within the revenue development area that include:

(i) Street, bridge, and road construction and maintenance, including highway interchange construction;

(ii) Water and sewer system construction and improvements, including wastewater reuse facilities;

(iii) Sidewalks, traffic controls, and streetlights;

(iv) Parking, terminal, and dock facilities;

(v) Park and ride facilities of a transit authority;

(vi) Park facilities and recreational areas, including trails; and

(vii) Storm water and drainage management systems;

(b) Expenditures for facilities and improvements that support affordable housing as defined in RCW 43.63A.510.

(22) "Public improvement costs" means the cost of: (a) Design, planning, acquisition including land acquisition, site preparation including land clearing, construction, reconstruction, rehabilitation, improvement, and installation of public improvements; (b) demolishing, relocating, maintaining, and operating property pending construction of public improvements; (c) the local government's portion of relocating utilities as a result of public improvements; (d) financing public improvements, including interest during construction, legal and other professional services, taxes, insurance, principal and interest costs on general indebtedness issued to finance public improvements, and any necessary reserves for general indebtedness; (e) assessments incurred in revaluing real property for the purpose of determining the property tax allocation revenue base value that are in excess of costs incurred by the assessor in accordance with the revaluation plan under chapter 84.41 RCW, and the costs of apportioning the taxes and complying with this chapter and other applicable law; (f)

administrative expenses and feasibility studies reasonably necessary and related to these costs; and (g) any of the above-described costs that may have been incurred before adoption of the ordinance authorizing the public improvements and the use of local infrastructure financing to fund the costs of the public improvements.

(23) "Regular property taxes" means regular property taxes as defined in RCW 84.04.140, except: (a) Regular property taxes levied by public utility districts specifically for the purpose of making required payments of principal and interest on general indebtedness; (b) regular property taxes levied by the state for the support of the common schools under RCW 84.52.065; and (c) regular property taxes authorized by RCW 84.55.050 that are limited to a specific purpose. "Regular property taxes" do not include excess property tax levies that are exempt from the aggregate limits for junior and senior taxing districts as provided in RCW 84.52.043.

(24) "Property tax allocation revenue base value" means the assessed value of real property located within a revenue development area for taxes levied in the year in which the revenue development area is adopted for collection in the following year, plus one hundred percent of any increase in the assessed value of real property located within a revenue development area that is placed on the assessment rolls after the revenue development area is adopted, less the property tax allocation revenue value.

(25) "Relocating a business" means the closing of a business and the reopening of that business, or the opening of a new business that engages in the same activities as the previous business, in a different location within a one-year period, when an individual or entity has an ownership interest in the business at the time of closure and at the time of opening or reopening. "Relocating a business" does not include the closing and reopening of a business in a new location where the business has been acquired and is under entirely new ownership at the new location, or the closing and reopening of a business in a new location as a result of the exercise of the power of eminent domain.

(26) "Revenue development area" means the geographic area adopted by a sponsoring local government and approved by the board, from which local excise and property tax allocation revenues are derived for local infrastructure financing.

(27) "Small business" has the same meaning as provided in RCW 19.85.020.

(28) "Sponsoring local government" means a city, town, or county, and for the purpose of this chapter a federally recognized Indian tribe or any combination thereof, that adopts a revenue development area and applies to the board to use local infrastructure financing.

(29) "State contribution" means the lesser of:

(a) One million dollars;

(b) The state excise tax allocation revenue and state property tax allocation revenue received by the state during the preceding calendar year;

(c) The total amount of local excise tax allocation revenues, local property tax allocation revenues, and other revenues from local public sources, that are dedicated by a sponsoring local government, any participating local governments, and participating taxing districts, in the preceding calendar year to the payment of principal and interest on bonds issued under RCW 39.102.150 or

to pay public improvement costs on a pay-as-you-go basis subject to RCW 39.102.195, or both; or

(d) The amount of project award granted by the board in the notice of approval to use local infrastructure financing under RCW 39.102.040.

(30) "State excise taxes" means revenues derived from state retail sales and use taxes under chapters 82.08 and 82.12 RCW, less the amount of tax distributions from all local retail sales and use taxes, other than the local sales and use taxes authorized by RCW 82.14.475, imposed on the same taxable events that are credited against the state retail sales and use taxes under chapters 82.08 and 82.12 RCW.

(31) "State excise tax allocation revenue" means the amount of state excise taxes received by the state during the measurement year from taxable activity within the revenue development area over and above the amount of state excise taxes received by the state during the base year from taxable activity within the revenue development area, except that:

(a) If a sponsoring local government adopts a revenue development area and reasonably determines that no activity subject to tax under chapters 82.08 and 82.12 RCW occurred within the boundaries of the revenue development area in the twelve months immediately preceding the approval of the revenue development area by the board, "state excise tax allocation revenue" means the entire amount of state excise taxes received by the state during a calendar year period beginning with the calendar year immediately following the approval of the revenue development area by the board and continuing with each measurement year thereafter; ~~((and))~~

(b) For revenue development areas approved by the board in calendar years 2006 and 2007 that do not meet the requirements in (a) of this subsection and if legislation is enacted in this state during the 2007 legislative session that adopts the sourcing provisions of the streamlined sales and use tax agreement, "state excise tax allocation revenue" means the amount of state excise taxes received by the state during the measurement year from taxable activity within the revenue development area over and above an amount of state excise taxes received by the state during the 2007 or 2008 base year, as the case may be, adjusted by the department for any estimated impacts from retail sales and use tax sourcing changes effective in 2008. The amount of base year adjustment determined by the department is final; and

(c) If the sponsoring local government of a revenue development area related to a demonstration project reasonably determines that no local excise tax distributions were received between August 1, 2008, and December 31, 2008, from within the boundaries of the revenue development area, "state excise tax allocation revenue" means the entire amount of state excise taxes received by the state during a calendar year period beginning with 2009 and continuing with each measurement year thereafter.

(32) "State property tax allocation revenue" means those tax revenues derived from the imposition of property taxes levied by the state for the support of common schools under RCW 84.52.065 on the property tax allocation revenue value.

(33) "Real property" has the same meaning as in RCW 84.04.090 and also includes any privately owned improvements located on publicly owned land that are subject to property taxation.

NEW SECTION. Sec. 2. Section 1 of this act expires June 30, 2039.

Passed by the Senate February 14, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 210

[Senate Bill 6204]

WATER RESOURCE INVENTORY AREA 14

AN ACT Relating to water resource inventory area 14; and amending RCW 90.82.060.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 90.82.060 and 2007 c 245 s 1 are each amended to read as follows:

(1) Planning conducted under this chapter must provide for a process to allow the local citizens within a WRIA or multi-WRIA area to join together in an effort to: (a) Assess the status of the water resources of their WRIA or multi-WRIA area; and (b) determine how best to manage the water resources of the WRIA or multi-WRIA area to balance the competing resource demands for that area within the parameters under RCW 90.82.120.

(2)(a) Watershed planning under this chapter may be initiated for a WRIA only with the concurrence of: (i) All counties within the WRIA; (ii) the largest city or town within the WRIA unless the WRIA does not contain a city or town; and (iii) the water supply utility obtaining the largest quantity of water from the WRIA or, for a WRIA with lands within the Columbia Basin project, the water supply utility obtaining from the Columbia Basin project the largest quantity of water for the WRIA. To apply for a grant for organizing the planning unit as provided for under RCW 90.82.040(2)(a), these entities shall designate the entity that will serve as the lead agency for the planning effort and indicate how the planning unit will be staffed.

(b) For purposes of this chapter, WRIA 40 shall be divided such that the portion of the WRIA located entirely within the Stemilt and Squilchuck subbasins shall be considered WRIA 40a and the remaining portion shall be considered WRIA 40b. Planning may be conducted separately for WRIA 40a and 40b. WRIA 40a shall be eligible for one-fourth of the funding available for a single WRIA, and WRIA 40b shall be eligible for three-fourths of the funding available for a single WRIA.

(c) For purposes of this chapter, WRIA 29 shall be divided such that the portion of the WRIA located entirely within the White Salmon subbasin and the subbasins east thereof shall be considered WRIA 29b and the remaining portion shall be considered WRIA 29a. Planning may be conducted separately for WRIA 29a and 29b. WRIA 29a shall be eligible for one-half of the funding available for a single WRIA and WRIA 29b shall be eligible for one-half of the funding available for a single WRIA.

(d) For purposes of this chapter, WRIA 14 shall be divided such that the portion of the WRIA where surface waters drain into Hood Canal shall be considered WRIA 14b, and the remaining portion shall be considered WRIA 14a. Planning for WRIA 14b under this chapter shall be conducted by the

WRIA 16 planning unit. WRIA 14b shall be eligible for one-half of the funding available for a single WRIA, and WRIA 14a shall be eligible for one-half of the funding available for a single WRIA.

(3) Watershed planning under this chapter may be initiated for a multi-WRIA area only with the concurrence of: (a) All counties within the multi-WRIA area; (b) the largest city or town in each WRIA unless the WRIA does not contain a city or town; and (c) the water supply utility obtaining the largest quantity of water in each WRIA.

(4) If entities in subsection (2) or (3) of this section decide jointly and unanimously to proceed, they shall invite all tribes with reservation lands within the management area.

(5) The entities in subsection (2) or (3) of this section, including the tribes if they affirmatively accept the invitation, constitute the initiating governments for the purposes of this section.

(6) The organizing grant shall be used to organize the planning unit and to determine the scope of the planning to be conducted. In determining the scope of the planning activities, consideration shall be given to all existing plans and related planning activities. The scope of planning must include water quantity elements as provided in RCW 90.82.070, and may include water quality elements as contained in RCW 90.82.090, habitat elements as contained in RCW 90.82.100, and instream flow elements as contained in RCW 90.82.080. The initiating governments shall work with state government, other local governments within the management area, and affected tribal governments, in developing a planning process. The initiating governments may hold public meetings as deemed necessary to develop a proposed scope of work and a proposed composition of the planning unit. In developing a proposed composition of the planning unit, the initiating governments shall provide for representation of a wide range of water resource interests.

(7) Each state agency with regulatory or other interests in the WRIA or multi-WRIA area to be planned shall assist the local citizens in the planning effort to the greatest extent practicable, recognizing any fiscal limitations. In providing such technical assistance and to facilitate representation on the planning unit, state agencies may organize and agree upon their representation on the planning unit. Such technical assistance must only be at the request of and to the extent desired by the planning unit conducting such planning. The number of state agency representatives on the planning unit shall be determined by the initiating governments in consultation with the governor's office.

(8) As used in this section, "lead agency" means the entity that coordinates staff support of its own or of other local governments and receives grants for developing a watershed plan.

Passed by the Senate February 18, 2008.

Passed by the House March 7, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 211

[Second Substitute Senate Bill 6206]

AGENCY REVIEWS AND REPORTS—CHILD ABUSE

AN ACT Relating to agency reviews and reports regarding child abuse, neglect, and near fatalities; amending RCW 74.13.640, 43.06A.100, and 26.44.030; reenacting and amending RCW 26.44.030; adding new sections to chapter 43.06A RCW; creating a new section; providing an effective date; and providing an expiration date.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 74.13.640 and 2004 c 36 s 1 are each amended to read as follows:

(1) The department of social and health services shall conduct a child fatality review in the event of an unexpected death of a minor in the state who is in the care of or receiving services described in chapter 74.13 RCW from the department or who has been in the care of or received services described in chapter 74.13 RCW from the department within one year preceding the minor's death.

(2) Upon conclusion of a child fatality review required pursuant to subsection (1) of this section, the department shall within one hundred eighty days following the fatality issue a report on the results of the review ~~((to the appropriate committees of the legislature and shall make copies of the report available to the public upon request))~~, unless an extension has been granted by the governor. Reports shall be distributed to the appropriate committees of the legislature, and the department shall create a public web site where all child fatality review reports required under this section shall be posted and maintained.

(3) The department shall develop and implement procedures to carry out the requirements of subsections (1) and (2) of this section.

(4) In the event a child fatality is the result of apparent abuse or neglect by the child's parent or caregiver, the department shall ensure that the fatality review team is comprised of individuals who had no previous involvement in the case and whose professional expertise is pertinent to the dynamics of the case.

(5) In the event of a near-fatality of a child who is in the care of or receiving services described in this chapter from the department or who has been in the care of or received services described in this chapter from the department within one year preceding the near-fatality, the department shall promptly notify the office of the family and children's ombudsman.

NEW SECTION. Sec. 2. A new section is added to chapter 43.06A RCW to read as follows:

The office of the family and children's ombudsman shall issue an annual report to the legislature on the status of the implementation of child fatality review recommendations.

Sec. 3. RCW 43.06A.100 and 1999 c 390 s 5 are each amended to read as follows:

The department of social and health services shall:

(1) Allow the ombudsman or the ombudsman's designee to communicate privately with any child in the custody of the department for the purposes of carrying out its duties under this chapter;

(2) Permit the ombudsman or the ombudsman's designee physical access to state institutions serving children, and state licensed facilities or residences for the purpose of carrying out its duties under this chapter;

(3) Upon the ombudsman's request, grant the ombudsman or the ombudsman's designee the right to access, inspect, and copy all relevant information, records, or documents in the possession or control of the department that the ombudsman considers necessary in an investigation; and

(4) Grant the office of the family and children's ombudsman unrestricted on-line access to the case and management information system (CAMIS) or any successor information system for the purpose of carrying out its duties under this chapter.

Sec. 4. RCW 26.44.030 and 2007 c 387 s 3 are each amended to read as follows:

(1)(a) When any practitioner, county coroner or medical examiner, law enforcement officer, professional school personnel, registered or licensed nurse, social service counselor, psychologist, pharmacist, employee of the department of early learning, licensed or certified child care providers or their employees, employee of the department, juvenile probation officer, placement and liaison specialist, responsible living skills program staff, HOPE center staff, or state family and children's ombudsman or any volunteer in the ombudsman's office has reasonable cause to believe that a child has suffered abuse or neglect, he or she shall report such incident, or cause a report to be made, to the proper law enforcement agency or to the department as provided in RCW 26.44.040.

(b) When any person, in his or her official supervisory capacity with a nonprofit or for-profit organization, has reasonable cause to believe that a child has suffered abuse or neglect caused by a person over whom he or she regularly exercises supervisory authority, he or she shall report such incident, or cause a report to be made, to the proper law enforcement agency, provided that the person alleged to have caused the abuse or neglect is employed by, contracted by, or volunteers with the organization and coaches, trains, educates, or counsels a child or children or regularly has unsupervised access to a child or children as part of the employment, contract, or voluntary service. No one shall be required to report under this section when he or she obtains the information solely as a result of a privileged communication as provided in RCW 5.60.060.

Nothing in this subsection (1)(b) shall limit a person's duty to report under (a) of this subsection.

For the purposes of this subsection, the following definitions apply:

(i) "Official supervisory capacity" means a position, status, or role created, recognized, or designated by any nonprofit or for-profit organization, either for financial gain or without financial gain, whose scope includes, but is not limited to, overseeing, directing, or managing another person who is employed by, contracted by, or volunteers with the nonprofit or for-profit organization.

(ii) "Regularly exercises supervisory authority" means to act in his or her official supervisory capacity on an ongoing or continuing basis with regards to a particular person.

(c) The reporting requirement also applies to department of corrections personnel who, in the course of their employment, observe offenders or the children with whom the offenders are in contact. If, as a result of observations or information received in the course of his or her employment, any department of

corrections personnel has reasonable cause to believe that a child has suffered abuse or neglect, he or she shall report the incident, or cause a report to be made, to the proper law enforcement agency or to the department as provided in RCW 26.44.040.

(d) The reporting requirement shall also apply to any adult who has reasonable cause to believe that a child who resides with them, has suffered severe abuse, and is able or capable of making a report. For the purposes of this subsection, "severe abuse" means any of the following: Any single act of abuse that causes physical trauma of sufficient severity that, if left untreated, could cause death; any single act of sexual abuse that causes significant bleeding, deep bruising, or significant external or internal swelling; or more than one act of physical abuse, each of which causes bleeding, deep bruising, significant external or internal swelling, bone fracture, or unconsciousness.

(e) The report must be made at the first opportunity, but in no case longer than forty-eight hours after there is reasonable cause to believe that the child has suffered abuse or neglect. The report must include the identity of the accused if known.

(2) The reporting requirement of subsection (1) of this section does not apply to the discovery of abuse or neglect that occurred during childhood if it is discovered after the child has become an adult. However, if there is reasonable cause to believe other children are or may be at risk of abuse or neglect by the accused, the reporting requirement of subsection (1) of this section does apply.

(3) Any other person who has reasonable cause to believe that a child has suffered abuse or neglect may report such incident to the proper law enforcement agency or to the department of social and health services as provided in RCW 26.44.040.

(4) The department, upon receiving a report of an incident of alleged abuse or neglect pursuant to this chapter, involving a child who has died or has had physical injury or injuries inflicted upon him or her other than by accidental means or who has been subjected to alleged sexual abuse, shall report such incident to the proper law enforcement agency. In emergency cases, where the child's welfare is endangered, the department shall notify the proper law enforcement agency within twenty-four hours after a report is received by the department. In all other cases, the department shall notify the law enforcement agency within seventy-two hours after a report is received by the department. If the department makes an oral report, a written report must also be made to the proper law enforcement agency within five days thereafter.

(5) Any law enforcement agency receiving a report of an incident of alleged abuse or neglect pursuant to this chapter, involving a child who has died or has had physical injury or injuries inflicted upon him or her other than by accidental means, or who has been subjected to alleged sexual abuse, shall report such incident in writing as provided in RCW 26.44.040 to the proper county prosecutor or city attorney for appropriate action whenever the law enforcement agency's investigation reveals that a crime may have been committed. The law enforcement agency shall also notify the department of all reports received and the law enforcement agency's disposition of them. In emergency cases, where the child's welfare is endangered, the law enforcement agency shall notify the department within twenty-four hours. In all other cases, the law enforcement

agency shall notify the department within seventy-two hours after a report is received by the law enforcement agency.

(6) Any county prosecutor or city attorney receiving a report under subsection (5) of this section shall notify the victim, any persons the victim requests, and the local office of the department, of the decision to charge or decline to charge a crime, within five days of making the decision.

(7) The department may conduct ongoing case planning and consultation with those persons or agencies required to report under this section, with consultants designated by the department, and with designated representatives of Washington Indian tribes if the client information exchanged is pertinent to cases currently receiving child protective services. Upon request, the department shall conduct such planning and consultation with those persons required to report under this section if the department determines it is in the best interests of the child. Information considered privileged by statute and not directly related to reports required by this section must not be divulged without a valid written waiver of the privilege.

(8) Any case referred to the department by a physician licensed under chapter 18.57 or 18.71 RCW on the basis of an expert medical opinion that child abuse, neglect, or sexual assault has occurred and that the child's safety will be seriously endangered if returned home, the department shall file a dependency petition unless a second licensed physician of the parents' choice believes that such expert medical opinion is incorrect. If the parents fail to designate a second physician, the department may make the selection. If a physician finds that a child has suffered abuse or neglect but that such abuse or neglect does not constitute imminent danger to the child's health or safety, and the department agrees with the physician's assessment, the child may be left in the parents' home while the department proceeds with reasonable efforts to remedy parenting deficiencies.

(9) Persons or agencies exchanging information under subsection (7) of this section shall not further disseminate or release the information except as authorized by state or federal statute. Violation of this subsection is a misdemeanor.

(10) Upon receiving reports of alleged abuse or neglect, the department or law enforcement agency may interview children. The interviews may be conducted on school premises, at day-care facilities, at the child's home, or at other suitable locations outside of the presence of parents. Parental notification of the interview must occur at the earliest possible point in the investigation that will not jeopardize the safety or protection of the child or the course of the investigation. Prior to commencing the interview the department or law enforcement agency shall determine whether the child wishes a third party to be present for the interview and, if so, shall make reasonable efforts to accommodate the child's wishes. Unless the child objects, the department or law enforcement agency shall make reasonable efforts to include a third party in any interview so long as the presence of the third party will not jeopardize the course of the investigation.

(11) Upon receiving a report of alleged child abuse and neglect, the department or investigating law enforcement agency shall have access to all relevant records of the child in the possession of mandated reporters and their employees.

(12) In investigating and responding to allegations of child abuse and neglect, the department may conduct background checks as authorized by state and federal law.

(13) If a report of alleged abuse or neglect is founded and constitutes the third founded report received by the department within the last twelve months involving the same child or family, the department shall promptly notify the office of the family and children's ombudsman of the contents of the report. The department shall also notify the ombudsman of the disposition of the report.

(14) The department shall maintain investigation records and conduct timely and periodic reviews of all cases constituting abuse and neglect. The department shall maintain a log of screened-out nonabusive cases.

~~((14))~~ (15) The department shall use a risk assessment process when investigating alleged child abuse and neglect referrals. The department shall present the risk factors at all hearings in which the placement of a dependent child is an issue. Substance abuse must be a risk factor. The department shall, within funds appropriated for this purpose, offer enhanced community-based services to persons who are determined not to require further state intervention.

~~((15))~~ (16) Upon receipt of a report of alleged abuse or neglect the law enforcement agency may arrange to interview the person making the report and any collateral sources to determine if any malice is involved in the reporting.

~~((16))~~ (17) The department shall make reasonable efforts to learn the name, address, and telephone number of each person making a report of abuse or neglect under this section. The department shall provide assurances of appropriate confidentiality of the identification of persons reporting under this section. If the department is unable to learn the information required under this subsection, the department shall only investigate cases in which: (a) The department believes there is a serious threat of substantial harm to the child; (b) the report indicates conduct involving a criminal offense that has, or is about to occur, in which the child is the victim; or (c) the department has, after investigation, a report of abuse or neglect that has been founded with regard to a member of the household within three years of receipt of the referral.

(18) Upon receiving a report of alleged abuse or neglect involving a child under the court's jurisdiction under chapter 13.34 RCW, the department shall promptly notify the child's guardian ad litem of the report's contents. The department shall also notify the guardian ad litem of the disposition of the report. For purposes of this subsection, "guardian ad litem" has the meaning provided in RCW 13.34.030.

Sec. 5. RCW 26.44.030 and 2007 c 387 s 3 and 2007 c 220 s 2 are each reenacted and amended to read as follows:

(1)(a) When any practitioner, county coroner or medical examiner, law enforcement officer, professional school personnel, registered or licensed nurse, social service counselor, psychologist, pharmacist, employee of the department of early learning, licensed or certified child care providers or their employees, employee of the department, juvenile probation officer, placement and liaison specialist, responsible living skills program staff, HOPE center staff, or state family and children's ombudsman or any volunteer in the ombudsman's office has reasonable cause to believe that a child has suffered abuse or neglect, he or she shall report such incident, or cause a report to be made, to the proper law enforcement agency or to the department as provided in RCW 26.44.040.

(b) When any person, in his or her official supervisory capacity with a nonprofit or for-profit organization, has reasonable cause to believe that a child has suffered abuse or neglect caused by a person over whom he or she regularly exercises supervisory authority, he or she shall report such incident, or cause a report to be made, to the proper law enforcement agency, provided that the person alleged to have caused the abuse or neglect is employed by, contracted by, or volunteers with the organization and coaches, trains, educates, or counsels a child or children or regularly has unsupervised access to a child or children as part of the employment, contract, or voluntary service. No one shall be required to report under this section when he or she obtains the information solely as a result of a privileged communication as provided in RCW 5.60.060.

Nothing in this subsection (1)(b) shall limit a person's duty to report under (a) of this subsection.

For the purposes of this subsection, the following definitions apply:

(i) "Official supervisory capacity" means a position, status, or role created, recognized, or designated by any nonprofit or for-profit organization, either for financial gain or without financial gain, whose scope includes, but is not limited to, overseeing, directing, or managing another person who is employed by, contracted by, or volunteers with the nonprofit or for-profit organization.

(ii) "Regularly exercises supervisory authority" means to act in his or her official supervisory capacity on an ongoing or continuing basis with regards to a particular person.

(c) The reporting requirement also applies to department of corrections personnel who, in the course of their employment, observe offenders or the children with whom the offenders are in contact. If, as a result of observations or information received in the course of his or her employment, any department of corrections personnel has reasonable cause to believe that a child has suffered abuse or neglect, he or she shall report the incident, or cause a report to be made, to the proper law enforcement agency or to the department as provided in RCW 26.44.040.

(d) The reporting requirement shall also apply to any adult who has reasonable cause to believe that a child who resides with them, has suffered severe abuse, and is able or capable of making a report. For the purposes of this subsection, "severe abuse" means any of the following: Any single act of abuse that causes physical trauma of sufficient severity that, if left untreated, could cause death; any single act of sexual abuse that causes significant bleeding, deep bruising, or significant external or internal swelling; or more than one act of physical abuse, each of which causes bleeding, deep bruising, significant external or internal swelling, bone fracture, or unconsciousness.

(e) The report must be made at the first opportunity, but in no case longer than forty-eight hours after there is reasonable cause to believe that the child has suffered abuse or neglect. The report must include the identity of the accused if known.

(2) The reporting requirement of subsection (1) of this section does not apply to the discovery of abuse or neglect that occurred during childhood if it is discovered after the child has become an adult. However, if there is reasonable cause to believe other children are or may be at risk of abuse or neglect by the accused, the reporting requirement of subsection (1) of this section does apply.

(3) Any other person who has reasonable cause to believe that a child has suffered abuse or neglect may report such incident to the proper law enforcement agency or to the department of social and health services as provided in RCW 26.44.040.

(4) The department, upon receiving a report of an incident of alleged abuse or neglect pursuant to this chapter, involving a child who has died or has had physical injury or injuries inflicted upon him or her other than by accidental means or who has been subjected to alleged sexual abuse, shall report such incident to the proper law enforcement agency. In emergency cases, where the child's welfare is endangered, the department shall notify the proper law enforcement agency within twenty-four hours after a report is received by the department. In all other cases, the department shall notify the law enforcement agency within seventy-two hours after a report is received by the department. If the department makes an oral report, a written report must also be made to the proper law enforcement agency within five days thereafter.

(5) Any law enforcement agency receiving a report of an incident of alleged abuse or neglect pursuant to this chapter, involving a child who has died or has had physical injury or injuries inflicted upon him or her other than by accidental means, or who has been subjected to alleged sexual abuse, shall report such incident in writing as provided in RCW 26.44.040 to the proper county prosecutor or city attorney for appropriate action whenever the law enforcement agency's investigation reveals that a crime may have been committed. The law enforcement agency shall also notify the department of all reports received and the law enforcement agency's disposition of them. In emergency cases, where the child's welfare is endangered, the law enforcement agency shall notify the department within twenty-four hours. In all other cases, the law enforcement agency shall notify the department within seventy-two hours after a report is received by the law enforcement agency.

(6) Any county prosecutor or city attorney receiving a report under subsection (5) of this section shall notify the victim, any persons the victim requests, and the local office of the department, of the decision to charge or decline to charge a crime, within five days of making the decision.

(7) The department may conduct ongoing case planning and consultation with those persons or agencies required to report under this section, with consultants designated by the department, and with designated representatives of Washington Indian tribes if the client information exchanged is pertinent to cases currently receiving child protective services. Upon request, the department shall conduct such planning and consultation with those persons required to report under this section if the department determines it is in the best interests of the child. Information considered privileged by statute and not directly related to reports required by this section must not be divulged without a valid written waiver of the privilege.

(8) Any case referred to the department by a physician licensed under chapter 18.57 or 18.71 RCW on the basis of an expert medical opinion that child abuse, neglect, or sexual assault has occurred and that the child's safety will be seriously endangered if returned home, the department shall file a dependency petition unless a second licensed physician of the parents' choice believes that such expert medical opinion is incorrect. If the parents fail to designate a second physician, the department may make the selection. If a physician finds that a

child has suffered abuse or neglect but that such abuse or neglect does not constitute imminent danger to the child's health or safety, and the department agrees with the physician's assessment, the child may be left in the parents' home while the department proceeds with reasonable efforts to remedy parenting deficiencies.

(9) Persons or agencies exchanging information under subsection (7) of this section shall not further disseminate or release the information except as authorized by state or federal statute. Violation of this subsection is a misdemeanor.

(10) Upon receiving a report of alleged abuse or neglect, the department shall make reasonable efforts to learn the name, address, and telephone number of each person making a report of abuse or neglect under this section. The department shall provide assurances of appropriate confidentiality of the identification of persons reporting under this section. If the department is unable to learn the information required under this subsection, the department shall only investigate cases in which:

(a) The department believes there is a serious threat of substantial harm to the child;

(b) The report indicates conduct involving a criminal offense that has, or is about to occur, in which the child is the victim; or

(c) The department has a prior founded report of abuse or neglect with regard to a member of the household that is within three years of receipt of the referral.

(11)(a) For reports of alleged abuse or neglect that are accepted for investigation by the department, the investigation shall be conducted within time frames established by the department in rule. In no case shall the investigation extend longer than ninety days from the date the report is received, unless the investigation is being conducted under a written protocol pursuant to RCW 26.44.180 and a law enforcement agency or prosecuting attorney has determined that a longer investigation period is necessary. At the completion of the investigation, the department shall make a finding that the report of child abuse or neglect is founded or unfounded.

(b) If a court in a civil or criminal proceeding, considering the same facts or circumstances as are contained in the report being investigated by the department, makes a judicial finding by a preponderance of the evidence or higher that the subject of the pending investigation has abused or neglected the child, the department shall adopt the finding in its investigation.

(12) In conducting an investigation of alleged abuse or neglect, the department or law enforcement agency:

(a) May interview children. The interviews may be conducted on school premises, at day-care facilities, at the child's home, or at other suitable locations outside of the presence of parents. Parental notification of the interview must occur at the earliest possible point in the investigation that will not jeopardize the safety or protection of the child or the course of the investigation. Prior to commencing the interview the department or law enforcement agency shall determine whether the child wishes a third party to be present for the interview and, if so, shall make reasonable efforts to accommodate the child's wishes. Unless the child objects, the department or law enforcement agency shall make reasonable efforts to include a third party in any interview so long as the

presence of the third party will not jeopardize the course of the investigation; and

(b) Shall have access to all relevant records of the child in the possession of mandated reporters and their employees.

(13) If a report of alleged abuse or neglect is founded and constitutes the third founded report received by the department within the last twelve months involving the same child or family, the department shall promptly notify the office of the family and children's ombudsman of the contents of the report. The department shall also notify the ombudsman of the disposition of the report.

(14) In investigating and responding to allegations of child abuse and neglect, the department may conduct background checks as authorized by state and federal law.

~~((14))~~ (15) The department shall maintain investigation records and conduct timely and periodic reviews of all founded cases of abuse and neglect. The department shall maintain a log of screened-out nonabusive cases.

~~((15))~~ (16) The department shall use a risk assessment process when investigating alleged child abuse and neglect referrals. The department shall present the risk factors at all hearings in which the placement of a dependent child is an issue. Substance abuse must be a risk factor. The department shall, within funds appropriated for this purpose, offer enhanced community-based services to persons who are determined not to require further state intervention.

~~((16))~~ (17) Upon receipt of a report of alleged abuse or neglect the law enforcement agency may arrange to interview the person making the report and any collateral sources to determine if any malice is involved in the reporting.

(18) Upon receiving a report of alleged abuse or neglect involving a child under the court's jurisdiction under chapter 13.34 RCW, the department shall promptly notify the child's guardian ad litem of the report's contents. The department shall also notify the guardian ad litem of the disposition of the report. For purposes of this subsection, "guardian ad litem" has the meaning provided in RCW 13.34.030.

NEW SECTION. Sec. 6. A new section is added to chapter 43.06A RCW to read as follows:

The ombudsman shall analyze a random sampling of referrals made by mandated reporters during 2006 and 2007 and report to the appropriate committees of the legislature on the following: The number and types of referrals from mandated reporters; the disposition of the referrals by category of mandated reporters; how many referrals resulted in the filing of dependency actions; any patterns established by the department in how it dealt with such referrals; whether the history of fatalities in 2006 and 2007 showed referrals by mandated reporters; and any other information the ombudsman deems relevant. The ombudsman may contract for all or a portion of the tasks essential to completing the analysis and report required under this section. The report is due no later than June 30, 2009.

NEW SECTION. Sec. 7. Section 4 of this act expires October 1, 2008.

NEW SECTION. Sec. 8. Section 5 of this act takes effect October 1, 2008.

NEW SECTION. Sec. 9. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the Senate March 10, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 212

[Senate Bill 6261]

ADULT YOUTH PROGRAMS

AN ACT Relating to adult youth programs; amending RCW 28C.18.060; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that there is a persistent and unacceptable high rate of unemployment among young people in Washington. The unemployment rate among those between eighteen and twenty-four years of age is seventeen percent, about four times the unemployment rate among the general population. It is the legislature's intent that the workforce training and education coordinating board examine programs to help young people be more successful in the workforce and make recommendations to improve policies and programs in Washington.

Sec. 2. RCW 28C.18.060 and 2007 c 149 s 1 are each amended to read as follows:

The board, in cooperation with the operating agencies of the state training system and private career schools and colleges, shall:

(1) Concentrate its major efforts on planning, coordination evaluation, policy analysis, and recommending improvements to the state's training system((-);

(2) Advocate for the state training system and for meeting the needs of employers and the workforce for workforce education and training((-);

(3) Establish and maintain an inventory of the programs of the state training system, and related state programs, and perform a biennial assessment of the vocational education, training, and adult basic education and literacy needs of the state; identify ongoing and strategic education needs; and assess the extent to which employment, training, vocational and basic education, rehabilitation services, and public assistance services represent a consistent, integrated approach to meet such needs((-);

(4) Develop and maintain a state comprehensive plan for workforce training and education, including but not limited to, goals, objectives, and priorities for the state training system, and review the state training system for consistency with the state comprehensive plan. In developing the state comprehensive plan for workforce training and education, the board shall use, but shall not be limited to: Economic, labor market, and populations trends reports in office of financial management forecasts; joint office of financial management and employment security department labor force, industry employment, and occupational forecasts; the results of scientifically based outcome, net-impact and cost-benefit evaluations; the needs of employers as evidenced in formal employer surveys and other employer input; and the needs of program participants and workers as

evidenced in formal surveys and other input from program participants and the labor community((-));

(5) In consultation with the higher education coordinating board, review and make recommendations to the office of financial management and the legislature on operating and capital facilities budget requests for operating agencies of the state training system for purposes of consistency with the state comprehensive plan for workforce training and education((-);

(6) Provide for coordination among the different operating agencies and components of the state training system at the state level and at the regional level((-);

(7) Develop a consistent and reliable database on vocational education enrollments, costs, program activities, and job placements from publicly funded vocational education programs in this state((-);

(8)(a) Establish standards for data collection and maintenance for the operating agencies of the state training system in a format that is accessible to use by the board. The board shall require a minimum of common core data to be collected by each operating agency of the state training system((-

~~The board shall);~~

(b) Develop requirements for minimum common core data in consultation with the office of financial management and the operating agencies of the training system((-);

(9) Establish minimum standards for program evaluation for the operating agencies of the state training system, including, but not limited to, the use of common survey instruments and procedures for measuring perceptions of program participants and employers of program participants, and monitor such program evaluation((-);

(10) Every two years administer scientifically based outcome evaluations of the state training system, including, but not limited to, surveys of program participants, surveys of employers of program participants, and matches with employment security department payroll and wage files. Every five years administer scientifically based net-impact and cost-benefit evaluations of the state training system((-);

(11) In cooperation with the employment security department, provide for the improvement and maintenance of quality and utility in occupational information and forecasts for use in training system planning and evaluation. Improvements shall include, but not be limited to, development of state-based occupational change factors involving input by employers and employees, and delineation of skill and training requirements by education level associated with current and forecasted occupations((-);

(12) Provide for the development of common course description formats, common reporting requirements, and common definitions for operating agencies of the training system((-);

(13) Provide for effectiveness and efficiency reviews of the state training system((-);

(14) In cooperation with the higher education coordinating board, facilitate transfer of credit policies and agreements between institutions of the state training system, and encourage articulation agreements for programs encompassing two years of secondary workforce education and two years of postsecondary workforce education((-);

(15) In cooperation with the higher education coordinating board, facilitate transfer of credit policies and agreements between private training institutions and institutions of the state training system((-));

(16) Develop policy objectives for the workforce investment act, P.L. 105-220, or its successor; develop coordination criteria for activities under the act with related programs and services provided by state and local education and training agencies; and ensure that entrepreneurial training opportunities are available through programs of each local workforce investment board in the state((-));

(17) Make recommendations to the commission of student assessment, the state board of education, and the superintendent of public instruction, concerning basic skill competencies and essential core competencies for K-12 education. Basic skills for this purpose shall be reading, writing, computation, speaking, and critical thinking, essential core competencies for this purpose shall be English, math, science/technology, history, geography, and critical thinking. The board shall monitor the development of and provide advice concerning secondary curriculum which integrates vocational and academic education((-));

(18) Establish and administer programs for marketing and outreach to businesses and potential program participants((-));

(19) Facilitate the location of support services, including but not limited to, child care, financial aid, career counseling, and job placement services, for students and trainees at institutions in the state training system, and advocate for support services for trainees and students in the state training system((-));

(20) Facilitate private sector assistance for the state training system, including but not limited to: Financial assistance, rotation of private and public personnel, and vocational counseling((-));

(21) Facilitate the development of programs for school-to-work transition that combine classroom education and on-the-job training, including entrepreneurial education and training, in industries and occupations without a significant number of apprenticeship programs((-));

(22) Include in the planning requirements for local workforce investment boards a requirement that the local workforce investment boards specify how entrepreneurial training is to be offered through the one-stop system required under the workforce investment act, P.L. 105-220, or its successor((-));

(23) Encourage and assess progress for the equitable representation of racial and ethnic minorities, women, and people with disabilities among the students, teachers, and administrators of the state training system. Equitable, for this purpose, shall mean substantially proportional to their percentage of the state population in the geographic area served. This function of the board shall in no way lessen more stringent state or federal requirements for representation of racial and ethnic minorities, women, and people with disabilities((-));

(24) Participate in the planning and policy development of governor set-aside grants under P.L. 97-300, as amended((-));

(25) Administer veterans' programs, licensure of private vocational schools, the job skills program, and the Washington award for vocational excellence((-));

(26) Allocate funding from the state job training trust fund((-));

(27) Work with the director of community, trade, and economic development to ensure coordination between workforce training priorities and

that department's economic development and entrepreneurial development efforts((-));

(28) Conduct research into workforce development programs designed to reduce the high unemployment rate among young people between approximately eighteen and twenty-four years of age. In consultation with the operating agencies, the board shall advise the governor and legislature on policies and programs to alleviate the high unemployment rate among young people. The research shall include disaggregated demographic information and, to the extent possible, income data for adult youth. The research shall also include a comparison of the effectiveness of programs examined as a part of the research conducted in this subsection in relation to the public investment made in these programs in reducing unemployment of young adults. The board shall report to the appropriate committees of the legislature by November 15, 2008, and every two years thereafter. Where possible, the data reported to the legislative committees should be reported in numbers and in percentages;

(29) Adopt rules as necessary to implement this chapter.

The board may delegate to the director any of the functions of this section.

NEW SECTION. Sec. 3. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the Senate March 8, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 213

[Senate Bill 6310]

CRIMINAL PROCEDURE—OBSOLETE REFERENCES

AN ACT Relating to correcting obsolete references concerning chapter 10.77 RCW; amending RCW 10.77.065, 10.77.092, 10.77.097, 10.77.163, 71.05.235, 71.05.280, 71.05.290, 71.05.300, 71.05.320, 71.05.425, 71.09.025, 71.09.030, and 71.09.060; repealing RCW 10.77.800; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. RCW 10.77.065 and 2000 c 74 s 2 are each amended to read as follows:

(1)(a)(i) The facility conducting the evaluation shall provide its report and recommendation to the court in which the criminal proceeding is pending. A copy of the report and recommendation shall be provided to the ((~~county~~)) designated mental health professional, the prosecuting attorney, the defense attorney, and the professional person at the local correctional facility where the defendant is being held, or if there is no professional person, to the person designated under (a)(ii) of this subsection. Upon request, the facility shall also provide copies of any source documents relevant to the evaluation to the ((~~county~~)) designated mental health professional. The report and recommendation shall be provided not less than twenty-four hours preceding the transfer of the defendant to the correctional facility in the county in which the criminal proceeding is pending.

(ii) If there is no professional person at the local correctional facility, the local correctional facility shall designate a professional person as defined in RCW 71.05.020 or, in cooperation with the regional support network, a professional person at the regional support network to receive the report and recommendation.

(iii) When a defendant is transferred to the facility conducting the evaluation, or upon commencement of a defendant's evaluation in the local correctional facility, the local correctional facility must notify the evaluator or the facility conducting the evaluation of the name of the professional person, or person designated under (a)(ii) of this subsection to receive the report and recommendation.

(b) If the facility concludes, under RCW 10.77.060(3)(f), the person should be kept under further control, an evaluation shall be conducted of such person under chapter 71.05 RCW. The court shall order an evaluation be conducted by the appropriate ((~~county~~)) designated mental health professional: (i) Prior to release from confinement for such person who is convicted, if sentenced to confinement for twenty-four months or less; (ii) for any person who is acquitted; or (iii) for any person: (A) Whose charges are dismissed pursuant to RCW ((~~10.77.090(4)~~)) 10.77.086(4); or (B) whose nonfelony charges are dismissed.

(2) The ((~~county~~)) designated mental health professional shall provide written notification within twenty-four hours of the results of the determination whether to commence proceedings under chapter 71.05 RCW. The notification shall be provided to the persons identified in subsection (1)(a) of this section.

(3) The prosecuting attorney shall provide a copy of the results of any proceedings commenced by the ((~~county~~)) designated mental health professional under subsection (2) of this section to the facility conducting the evaluation under this chapter.

(4) The fact of admission and all information and records compiled, obtained, or maintained in the course of providing services under this chapter may also be disclosed to the courts solely to prevent the entry of any evaluation or treatment order that is inconsistent with any order entered under chapter 71.05 RCW.

Sec. 2. RCW 10.77.092 and 2004 c 157 s 3 are each amended to read as follows:

(1) For purposes of determining whether a court may authorize involuntary medication for the purpose of competency restoration pursuant to RCW ((~~10.77.090~~)) 10.77.084, a pending charge involving any one or more of the following crimes is a serious offense per se in the context of competency restoration:

(a) Any violent offense, sex offense, serious traffic offense, and most serious offense, as those terms are defined in RCW 9.94A.030;

(b) Any offense, except nonfelony counterfeiting offenses, included in crimes against persons in RCW 9.94A.411;

(c) Any offense contained in chapter 9.41 RCW (firearms and dangerous weapons);

(d) Any offense listed as domestic violence in RCW 10.99.020;

(e) Any offense listed as a harassment offense in chapter 9A.46 RCW;

(f) Any violation of chapter 69.50 RCW that is a class B felony; or

(g) Any city or county ordinance or statute that is equivalent to an offense referenced in this subsection.

(2)(a) In a particular case, a court may determine that a pending charge not otherwise defined as serious by state or federal law or by a city or county ordinance is, nevertheless, a serious offense within the context of competency restoration treatment when the conduct in the charged offense falls within the standards established in (b) of this subsection.

(b) To determine that the particular case is a serious offense within the context of competency restoration, the court must consider the following factors and determine that one or more of the following factors creates a situation in which the offense is serious:

(i) The charge includes an allegation that the defendant actually inflicted bodily or emotional harm on another person or that the defendant created a reasonable apprehension of bodily or emotional harm to another;

(ii) The extent of the impact of the alleged offense on the basic human need for security of the citizens within the jurisdiction;

(iii) The number and nature of related charges pending against the defendant;

(iv) The length of potential confinement if the defendant is convicted; and

(v) The number of potential and actual victims or persons impacted by the defendant's alleged acts.

Sec. 3. RCW 10.77.097 and 2000 c 74 s 4 are each amended to read as follows:

A copy of relevant records and reports as defined by the department, in consultation with the department of corrections, made pursuant to this chapter, and including relevant information necessary to meet the requirements of RCW 10.77.065(1) and ~~((10.77.090))~~ 10.77.084, shall accompany the defendant upon transfer to a mental health facility or a correctional institution or facility.

Sec. 4. RCW 10.77.163 and 1994 c 129 s 4 are each amended to read as follows:

(1) Before a person committed under this chapter is permitted temporarily to leave a treatment facility for any period of time without constant accompaniment by facility staff, the superintendent, professional person in charge of a treatment facility, or his or her professional designee shall in writing notify the prosecuting attorney of any county to which the person is released and the prosecuting attorney of the county in which the criminal charges against the committed person were dismissed, of the decision conditionally to release the person. The notice shall be provided at least forty-five days before the anticipated release and shall describe the conditions under which the release is to occur.

(2) In addition to the notice required by subsection (1) of this section, the superintendent of each state institution designated for the custody, care, and treatment of persons committed under this chapter shall notify appropriate law enforcement agencies through the state patrol communications network of the furloughs of persons committed under RCW ~~((10.77.090))~~ 10.77.086 or 10.77.110. Notification shall be made at least thirty days before the furlough, and shall include the name of the person, the place to which the person has permission to go, and the dates and times during which the person will be on furlough.

(3) Upon receiving notice that a person committed under this chapter is being temporarily released under subsection (1) of this section, the prosecuting attorney may seek a temporary restraining order to prevent the release of the person on the grounds that the person is dangerous to self or others.

(4) The notice requirements contained in this section shall not apply to emergency medical furloughs.

(5) The existence of the notice requirements contained in this section shall not require any extension of the release date in the event the release plan changes after notification.

(6) The notice provisions of this section are in addition to those provided in RCW 10.77.205.

Sec. 5. RCW 71.05.235 and 2005 c 504 s 708 are each amended to read as follows:

(1) If an individual is referred to a designated mental health professional under RCW ((~~10.77.090(1)(d)(iii)(A)~~) 10.77.088(1)(b)(i)), the designated mental health professional shall examine the individual within forty-eight hours. If the designated mental health professional determines it is not appropriate to detain the individual or petition for a ninety-day less restrictive alternative under RCW 71.05.230(4), that decision shall be immediately presented to the superior court for hearing. The court shall hold a hearing to consider the decision of the designated mental health professional not later than the next judicial day. At the hearing the superior court shall review the determination of the designated mental health professional and determine whether an order should be entered requiring the person to be evaluated at an evaluation and treatment facility. No person referred to an evaluation and treatment facility may be held at the facility longer than seventy-two hours.

(2) If an individual is placed in an evaluation and treatment facility under RCW ((~~10.77.090(1)(d)(iii)(B)~~) 10.77.088(1)(b)(ii)), a professional person shall evaluate the individual for purposes of determining whether to file a ninety-day inpatient or outpatient petition under chapter 71.05 RCW. Before expiration of the seventy-two hour evaluation period authorized under RCW ((~~10.77.090(1)(d)(iii)(B)~~) 10.77.088(1)(b)(ii)), the professional person shall file a petition or, if the recommendation of the professional person is to release the individual, present his or her recommendation to the superior court of the county in which the criminal charge was dismissed. The superior court shall review the recommendation not later than forty-eight hours, excluding Saturdays, Sundays, and holidays, after the recommendation is presented. If the court rejects the recommendation to unconditionally release the individual, the court may order the individual detained at a designated evaluation and treatment facility for not more than a seventy-two hour evaluation and treatment period and direct the individual to appear at a surety hearing before that court within seventy-two hours, or the court may release the individual but direct the individual to appear at a surety hearing set before that court within eleven days, at which time the prosecutor may file a petition under this chapter for ninety-day inpatient or outpatient treatment. If a petition is filed by the prosecutor, the court may order that the person named in the petition be detained at the evaluation and treatment facility that performed the evaluation under this subsection or order the respondent to be in outpatient treatment. If a petition is filed but the individual fails to appear in court for the surety hearing, the court shall order that a mental

health professional or peace officer shall take such person or cause such person to be taken into custody and placed in an evaluation and treatment facility to be brought before the court the next judicial day after detention. Upon the individual's first appearance in court after a petition has been filed, proceedings under RCW 71.05.310 and 71.05.320 shall commence. For an individual subject to this subsection, the prosecutor or professional person may directly file a petition for ninety-day inpatient or outpatient treatment and no petition for initial detention or fourteen-day detention is required before such a petition may be filed.

The court shall conduct the hearing on the petition filed under this subsection within five judicial days of the date the petition is filed. The court may continue the hearing upon the written request of the person named in the petition or the person's attorney, for good cause shown, which continuance shall not exceed five additional judicial days. If the person named in the petition requests a jury trial, the trial shall commence within ten judicial days of the date of the filing of the petition. The burden of proof shall be by clear, cogent, and convincing evidence and shall be upon the petitioner. The person shall be present at such proceeding, which shall in all respects accord with the constitutional guarantees of due process of law and the rules of evidence pursuant to RCW 71.05.360 (8) and (9).

During the proceeding the person named in the petition shall continue to be detained and treated until released by order of the court. If no order has been made within thirty days after the filing of the petition, not including any extensions of time requested by the detained person or his or her attorney, the detained person shall be released.

(3) If a designated mental health professional or the professional person and prosecuting attorney for the county in which the criminal charge was dismissed or attorney general, as appropriate, stipulate that the individual does not present a likelihood of serious harm or is not gravely disabled, the hearing under this section is not required and the individual, if in custody, shall be released.

(4) The individual shall have the rights specified in RCW 71.05.360 (8) and (9).

Sec. 6. RCW 71.05.280 and 1998 c 297 s 15 are each amended to read as follows:

At the expiration of the fourteen-day period of intensive treatment, a person may be confined for further treatment pursuant to RCW 71.05.320 if:

(1) Such person after having been taken into custody for evaluation and treatment has threatened, attempted, or inflicted: (a) Physical harm upon the person of another or himself or herself, or substantial damage upon the property of another, and (b) as a result of mental disorder presents a likelihood of serious harm; or

(2) Such person was taken into custody as a result of conduct in which he or she attempted or inflicted physical harm upon the person of another or himself or herself, or substantial damage upon the property of others, and continues to present, as a result of mental disorder, a likelihood of serious harm; or

(3) Such person has been determined to be incompetent and criminal charges have been dismissed pursuant to RCW ((10.77.090 (4))) 10.77.086(4), and has committed acts constituting a felony, and as a result of a mental disorder, presents a substantial likelihood of repeating similar acts. In any proceeding

pursuant to this subsection it shall not be necessary to show intent, willfulness, or state of mind as an element of the crime; or

(4) Such person is gravely disabled.

Sec. 7. RCW 71.05.290 and 1998 c 297 s 16 are each amended to read as follows:

(1) At any time during a person's fourteen day intensive treatment period, the professional person in charge of a treatment facility or his or her professional designee or the ((county)) designated mental health professional may petition the superior court for an order requiring such person to undergo an additional period of treatment. Such petition must be based on one or more of the grounds set forth in RCW 71.05.280.

(2) The petition shall summarize the facts which support the need for further confinement and shall be supported by affidavits signed by two examining physicians, or by one examining physician and examining mental health professional. The affidavits shall describe in detail the behavior of the detained person which supports the petition and shall explain what, if any, less restrictive treatments which are alternatives to detention are available to such person, and shall state the willingness of the affiant to testify to such facts in subsequent judicial proceedings under this chapter.

(3) If a person has been determined to be incompetent pursuant to RCW ((10.77.090(4))) 10.77.086(4), then the professional person in charge of the treatment facility or his or her professional designee or the ((county)) designated mental health professional may directly file a petition for one hundred eighty day treatment under RCW 71.05.280(3). No petition for initial detention or fourteen day detention is required before such a petition may be filed.

Sec. 8. RCW 71.05.300 and 2006 c 333 s 303 are each amended to read as follows:

(1) The petition for ninety day treatment shall be filed with the clerk of the superior court at least three days before expiration of the fourteen-day period of intensive treatment. At the time of filing such petition, the clerk shall set a time for the person to come before the court on the next judicial day after the day of filing unless such appearance is waived by the person's attorney, and the clerk shall notify the designated mental health professional. The designated mental health professional shall immediately notify the person detained, his or her attorney, if any, and his or her guardian or conservator, if any, the prosecuting attorney, and the regional support network administrator, and provide a copy of the petition to such persons as soon as possible. The regional support network administrator or designee may review the petition and may appear and testify at the full hearing on the petition.

(2) At the time set for appearance the detained person shall be brought before the court, unless such appearance has been waived and the court shall advise him or her of his or her right to be represented by an attorney and of his or her right to a jury trial. If the detained person is not represented by an attorney, or is indigent or is unwilling to retain an attorney, the court shall immediately appoint an attorney to represent him or her. The court shall, if requested, appoint a reasonably available licensed physician, psychologist, or psychiatrist, designated by the detained person to examine and testify on behalf of the detained person.

(3) The court may, if requested, also appoint a professional person as defined in RCW 71.05.020 to seek less restrictive alternative courses of treatment and to testify on behalf of the detained person. In the case of a ~~((developmentally disabled))~~ person with a developmental disability who has been determined to be incompetent pursuant to RCW ~~((10.77.090(4)))~~ 10.77.086(4), then the appointed professional person under this section shall be a developmental disabilities professional.

(4) The court shall also set a date for a full hearing on the petition as provided in RCW 71.05.310.

Sec. 9. RCW 71.05.320 and 2006 c 333 s 304 are each amended to read as follows:

(1) If the court or jury finds that grounds set forth in RCW 71.05.280 have been proven and that the best interests of the person or others will not be served by a less restrictive treatment which is an alternative to detention, the court shall remand him or her to the custody of the department or to a facility certified for ninety day treatment by the department for a further period of intensive treatment not to exceed ninety days from the date of judgment: PROVIDED, That

(a) If the grounds set forth in RCW 71.05.280(3) are the basis of commitment, then the period of treatment may be up to but not exceed one hundred eighty days from the date of judgment in a facility certified for one hundred eighty day treatment by the department.

(b) If the committed person ~~((is developmentally disabled))~~ has a developmental disability and has been determined incompetent pursuant to RCW ~~((10.77.090(4)))~~ 10.77.086(4), and the best interests of the person or others will not be served by a less-restrictive treatment which is an alternative to detention, the court shall remand him or her to the custody of the department or to a facility certified for one hundred eighty-day treatment by the department. When appropriate and subject to available funds, treatment and training of such persons must be provided in a program specifically reserved for the treatment and training of ~~((developmentally disabled))~~ persons with developmental disabilities. A person so committed shall receive habilitation services pursuant to an individualized service plan specifically developed to treat the behavior which was the subject of the criminal proceedings. The treatment program shall be administered by developmental disabilities professionals and others trained specifically in the needs of ~~((developmentally disabled))~~ persons with developmental disabilities. The department may limit admissions to this specialized program in order to ensure that expenditures for services do not exceed amounts appropriated by the legislature and allocated by the department for such services. The department may establish admission priorities in the event that the number of eligible persons exceeds the limits set by the department. An order for treatment less restrictive than involuntary detention may include conditions, and if such conditions are not adhered to, the designated mental health professional or developmental disabilities professional may order the person apprehended under the terms and conditions of RCW 71.05.340.

(2) If the court or jury finds that grounds set forth in RCW 71.05.280 have been proven, but finds that treatment less restrictive than detention will be in the best interest of the person or others, then the court shall remand him or her to the custody of the department or to a facility certified for ninety day treatment by the

department or to a less restrictive alternative for a further period of less restrictive treatment not to exceed ninety days from the date of judgment: PROVIDED, That if the grounds set forth in RCW 71.05.280(3) are the basis of commitment, then the period of treatment may be up to but not exceed one hundred eighty days from the date of judgment.

(3) The person shall be released from involuntary treatment at the expiration of the period of commitment imposed under subsection (1) or (2) of this section unless the superintendent or professional person in charge of the facility in which he or she is confined, or in the event of a less restrictive alternative, the designated mental health professional or developmental disabilities professional, files a new petition for involuntary treatment on the grounds that the committed person;

(a) During the current period of court ordered treatment: (i) Has threatened, attempted, or inflicted physical harm upon the person of another, or substantial damage upon the property of another, and (ii) as a result of mental disorder or developmental disability presents a likelihood of serious harm; or

(b) Was taken into custody as a result of conduct in which he or she attempted or inflicted serious physical harm upon the person of another, and continues to present, as a result of mental disorder or developmental disability a likelihood of serious harm; or

(c) Is in custody pursuant to RCW 71.05.280(3) and as a result of mental disorder or developmental disability presents a substantial likelihood of repeating similar acts considering the charged criminal behavior, life history, progress in treatment, and the public safety; or

(d) Continues to be gravely disabled.

If the conduct required to be proven in (b) and (c) of this subsection was found by a judge or jury in a prior trial under this chapter, it shall not be necessary to reprove that element. Such new petition for involuntary treatment shall be filed and heard in the superior court of the county of the facility which is filing the new petition for involuntary treatment unless good cause is shown for a change of venue. The cost of the proceedings shall be borne by the state.

The hearing shall be held as provided in RCW 71.05.310, and if the court or jury finds that the grounds for additional confinement as set forth in this subsection are present, the court may order the committed person returned for an additional period of treatment not to exceed one hundred eighty days from the date of judgment. At the end of the one hundred eighty day period of commitment, the committed person shall be released unless a petition for another one hundred eighty day period of continued treatment is filed and heard in the same manner as provided in this subsection. Successive one hundred eighty day commitments are permissible on the same grounds and pursuant to the same procedures as the original one hundred eighty day commitment.

(4) No person committed as provided in this section may be detained unless a valid order of commitment is in effect. No order of commitment can exceed one hundred eighty days in length.

Sec. 10. RCW 71.05.425 and 2005 c 504 s 710 are each amended to read as follows:

(1)(a) Except as provided in subsection (2) of this section, at the earliest possible date, and in no event later than thirty days before conditional release, final release, authorized leave under RCW 71.05.325(2), or transfer to a facility

other than a state mental hospital, the superintendent shall send written notice of conditional release, release, authorized leave, or transfer of a person committed under RCW 71.05.280(3) or 71.05.320(~~((2))~~)(3)(c) following dismissal of a sex, violent, or felony harassment offense pursuant to RCW (~~(10.77.090(4))~~) 10.77.086(4) to the following:

- (i) The chief of police of the city, if any, in which the person will reside; and
- (ii) The sheriff of the county in which the person will reside.

(b) The same notice as required by (a) of this subsection shall be sent to the following, if such notice has been requested in writing about a specific person committed under RCW 71.05.280(3) or 71.05.320(~~((2))~~)(3)(c) following dismissal of a sex, violent, or felony harassment offense pursuant to RCW (~~(10.77.090(4))~~) 10.77.086(4):

(i) The victim of the sex, violent, or felony harassment offense that was dismissed pursuant to RCW (~~(10.77.090(4))~~) 10.77.086(4) preceding commitment under RCW 71.05.280(3) or 71.05.320(~~((2))~~)(3)(c) or the victim's next of kin if the crime was a homicide;

(ii) Any witnesses who testified against the person in any court proceedings; and

(iii) Any person specified in writing by the prosecuting attorney.

Information regarding victims, next of kin, or witnesses requesting the notice, information regarding any other person specified in writing by the prosecuting attorney to receive the notice, and the notice are confidential and shall not be available to the person committed under this chapter.

(c) The thirty-day notice requirements contained in this subsection shall not apply to emergency medical transfers.

(d) The existence of the notice requirements in this subsection will not require any extension of the release date in the event the release plan changes after notification.

(2) If a person committed under RCW 71.05.280(3) or 71.05.320(~~((2))~~)(3)(c) following dismissal of a sex, violent, or felony harassment offense pursuant to RCW (~~(10.77.090(4))~~) 10.77.086(4) escapes, the superintendent shall immediately notify, by the most reasonable and expedient means available, the chief of police of the city and the sheriff of the county in which the person resided immediately before the person's arrest. If previously requested, the superintendent shall also notify the witnesses and the victim of the sex, violent, or felony harassment offense that was dismissed pursuant to RCW (~~(10.77.090(4))~~) 10.77.086(4) preceding commitment under RCW 71.05.280(3) or 71.05.320(~~((2))~~)(3) or the victim's next of kin if the crime was a homicide. In addition, the secretary shall also notify appropriate parties pursuant to RCW 71.05.390(18). If the person is recaptured, the superintendent shall send notice to the persons designated in this subsection as soon as possible but in no event later than two working days after the department learns of such recapture.

(3) If the victim, the victim's next of kin, or any witness is under the age of sixteen, the notice required by this section shall be sent to the parent or legal guardian of the child.

(4) The superintendent shall send the notices required by this chapter to the last address provided to the department by the requesting party. The requesting party shall furnish the department with a current address.

(5) For purposes of this section the following terms have the following meanings:

- (a) "Violent offense" means a violent offense under RCW 9.94A.030;
- (b) "Sex offense" means a sex offense under RCW 9.94A.030;
- (c) "Next of kin" means a person's spouse, parents, siblings, and children;
- (d) "Felony harassment offense" means a crime of harassment as defined in RCW 9A.46.060 that is a felony.

Sec. 11. RCW 71.09.025 and 2001 c 286 s 5 are each amended to read as follows:

(1)(a) When it appears that a person may meet the criteria of a sexually violent predator as defined in RCW 71.09.020(~~((+))~~)(16), the agency with jurisdiction shall refer the person in writing to the prosecuting attorney of the county where that person was charged, three months prior to:

- (i) The anticipated release from total confinement of a person who has been convicted of a sexually violent offense;
- (ii) The anticipated release from total confinement of a person found to have committed a sexually violent offense as a juvenile;
- (iii) Release of a person who has been charged with a sexually violent offense and who has been determined to be incompetent to stand trial pursuant to RCW (~~(10.77.090(4))~~) 10.77.086(4); or
- (iv) Release of a person who has been found not guilty by reason of insanity of a sexually violent offense pursuant to RCW 10.77.020(3).

(b) The agency shall provide the prosecutor with all relevant information including but not limited to the following information:

- (i) A complete copy of the institutional records compiled by the department of corrections relating to the person, and any such out-of-state department of corrections' records, if available;
- (ii) A complete copy, if applicable, of any file compiled by the indeterminate sentence review board relating to the person;
- (iii) All records relating to the psychological or psychiatric evaluation and/or treatment of the person;
- (iv) A current record of all prior arrests and convictions, and full police case reports relating to those arrests and convictions; and
- (v) A current mental health evaluation or mental health records review.

(2) This section applies to acts committed before, on, or after March 26, 1992.

(3) The agency, its employees, and officials shall be immune from liability for any good-faith conduct under this section.

(4) As used in this section, "agency with jurisdiction" means that agency with the authority to direct the release of a person serving a sentence or term of confinement and includes the department of corrections, the indeterminate sentence review board, and the department of social and health services.

Sec. 12. RCW 71.09.030 and 1995 c 216 s 3 are each amended to read as follows:

When it appears that: (1) A person who at any time previously has been convicted of a sexually violent offense is about to be released from total confinement on, before, or after July 1, 1990; (2) a person found to have committed a sexually violent offense as a juvenile is about to be released from

total confinement on, before, or after July 1, 1990; (3) a person who has been charged with a sexually violent offense and who has been determined to be incompetent to stand trial is about to be released, or has been released on, before, or after July 1, 1990, pursuant to RCW ((~~10.77.090(3)~~) 10.77.086(4)); (4) a person who has been found not guilty by reason of insanity of a sexually violent offense is about to be released, or has been released on, before, or after July 1, 1990, pursuant to RCW 10.77.020(3), 10.77.110 (1) or (3), or 10.77.150; or (5) a person who at any time previously has been convicted of a sexually violent offense and has since been released from total confinement and has committed a recent overt act; and it appears that the person may be a sexually violent predator, the prosecuting attorney of the county where the person was convicted or charged or the attorney general if requested by the prosecuting attorney may file a petition alleging that the person is a "sexually violent predator" and stating sufficient facts to support such allegation.

Sec. 13. RCW 71.09.060 and 2006 c 303 s 11 are each amended to read as follows:

(1) The court or jury shall determine whether, beyond a reasonable doubt, the person is a sexually violent predator. In determining whether or not the person would be likely to engage in predatory acts of sexual violence if not confined in a secure facility, the fact finder may consider only placement conditions and voluntary treatment options that would exist for the person if unconditionally released from detention on the sexually violent predator petition. The community protection program under RCW 71A.12.230 may not be considered as a placement condition or treatment option available to the person if unconditionally released from detention on a sexually violent predator petition. When the determination is made by a jury, the verdict must be unanimous.

If, on the date that the petition is filed, the person was living in the community after release from custody, the state must also prove beyond a reasonable doubt that the person had committed a recent overt act. If the state alleges that the prior sexually violent offense that forms the basis for the petition for commitment was an act that was sexually motivated as provided in RCW 71.09.020(15)(c), the state must prove beyond a reasonable doubt that the alleged sexually violent act was sexually motivated as defined in RCW 9.94A.030.

If the court or jury determines that the person is a sexually violent predator, the person shall be committed to the custody of the department of social and health services for placement in a secure facility operated by the department of social and health services for control, care, and treatment until such time as: (a) The person's condition has so changed that the person no longer meets the definition of a sexually violent predator; or (b) conditional release to a less restrictive alternative as set forth in RCW 71.09.092 is in the best interest of the person and conditions can be imposed that would adequately protect the community.

If the court or unanimous jury decides that the state has not met its burden of proving that the person is a sexually violent predator, the court shall direct the person's release.

If the jury is unable to reach a unanimous verdict, the court shall declare a mistrial and set a retrial within forty-five days of the date of the mistrial unless

the prosecuting agency earlier moves to dismiss the petition. The retrial may be continued upon the request of either party accompanied by a showing of good cause, or by the court on its own motion in the due administration of justice provided that the respondent will not be substantially prejudiced. In no event may the person be released from confinement prior to retrial or dismissal of the case.

(2) If the person charged with a sexually violent offense has been found incompetent to stand trial, and is about to [be] or has been released pursuant to RCW ~~((10.77.090(4)))~~ 10.77.086(4), and his or her commitment is sought pursuant to subsection (1) of this section, the court shall first hear evidence and determine whether the person did commit the act or acts charged if the court did not enter a finding prior to dismissal under RCW ~~((10.77.090(4)))~~ 10.77.086(4) that the person committed the act or acts charged. The hearing on this issue must comply with all the procedures specified in this section. In addition, the rules of evidence applicable in criminal cases shall apply, and all constitutional rights available to defendants at criminal trials, other than the right not to be tried while incompetent, shall apply. After hearing evidence on this issue, the court shall make specific findings on whether the person did commit the act or acts charged, the extent to which the person's incompetence or developmental disability affected the outcome of the hearing, including its effect on the person's ability to consult with and assist counsel and to testify on his or her own behalf, the extent to which the evidence could be reconstructed without the assistance of the person, and the strength of the prosecution's case. If, after the conclusion of the hearing on this issue, the court finds, beyond a reasonable doubt, that the person did commit the act or acts charged, it shall enter a final order, appealable by the person, on that issue, and may proceed to consider whether the person should be committed pursuant to this section.

(3) The state shall comply with RCW 10.77.220 while confining the person pursuant to this chapter, except that during all court proceedings the person shall be detained in a secure facility. The department shall not place the person, even temporarily, in a facility on the grounds of any state mental facility or regional habilitation center because these institutions are insufficiently secure for this population.

(4) A court has jurisdiction to order a less restrictive alternative placement only after a hearing ordered pursuant to RCW 71.09.090 following initial commitment under this section and in accord with the provisions of this chapter.

NEW SECTION. Sec. 14. RCW 10.77.800 (Evaluation of chapter 297, Laws of 1998—Recidivism, competency restoration, information sharing) and 1998 c 297 s 54 are each repealed.

****NEW SECTION. Sec. 15. 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.***

**Sec. 15 was vetoed. See message at end of chapter.*

Passed by the Senate March 10, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 27, 2008, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State March 28, 2008.

Note: Governor's explanation of partial veto is as follows:

"I am returning, without my approval as to Section 15, Senate Bill 6310 entitled:

"AN ACT Relating to correcting obsolete references concerning chapter 10.77 RCW."

Section 15 is an emergency clause. An emergency clause is to be used where it is necessary for the immediate preservation of the public peace, health or safety or whenever it is essential for the support of state government. This bill makes technical corrections to existing law by deleting obsolete terms and correcting references. I do not believe that an emergency clause is warranted.

For this reason, I have vetoed Section 15 of Senate Bill 6310.

With the exception of Section 15, Senate Bill 6310 is approved."

CHAPTER 214

[Substitute Senate Bill 6340]

WATER SYSTEMS—ACQUISITION AND REHABILITATION

AN ACT Relating to water system acquisition and rehabilitation; adding a new section to chapter 70.119A RCW; and creating new sections.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that it is the state's policy to maintain the highest quality and reliability of drinking water supplies to all citizens of the state. Small water systems may face greater challenges in this regard because of declining quality in water sources, catastrophic events such as flooding that impair water sources, the age of the system's infrastructure, saltwater intrusion into water sources, inadequate rate base for conducting necessary improvements, and other challenges. In response to these needs, the water system acquisition and rehabilitation program was created through biennial budget law, and through the current biennium has a total of nine million seven-hundred fifty thousand dollars toward assisting dozens of water systems to improve the quality of water supply service to thousands of customers.

It is the purpose of this act to establish an ongoing water system acquisition and rehabilitation program, to direct a review of the program to date, and to provide for recommendations for strengthening the program and increasing the financial assistance available under the program.

NEW SECTION. Sec. 2. A new section is added to chapter 70.119A RCW to read as follows:

Subject to the availability of amounts appropriated for this specific purpose, the department shall provide financial assistance through a water system acquisition and rehabilitation program, hereby created. The program shall be jointly administered with the public works board and the department of community, trade, and economic development. The agencies shall adopt guidelines for the program using as a model the procedures and criteria of the drinking water revolving loan program authorized under RCW 70.119A.170. All financing provided through the program must be in the form of grants that partially cover project costs. The maximum grant to any eligible entity may not exceed twenty-five percent of the funds allocated to the appropriation in any fiscal year.

NEW SECTION. Sec. 3. (1) The department of health, in consultation with the public works board, shall prepare a report on the water system acquisition

and rehabilitation program in section 2 of this act and make recommendations regarding strengthening the program and increasing the financial assistance provided through the program.

(2) The report shall:

(a) Identify the state's policies and objectives regarding water system management, operation, and regulation, including regionalization, satellite management, and prevention of the proliferation of small water systems; and

(b) Review the program's projects initiated and completed to date, and other state funding assistance for water system acquisition and rehabilitation.

(3) The report shall also review and make recommendations on the following:

(a) Funding levels and funding sources;

(b) The form of assistance provided, whether grants or loans;

(c) Funding cycles, including an annual or open cycle;

(d) Eligibility of group B systems for assistance;

(e) Consideration of benefits other than public health or water quality benefits, such as economic benefits;

(f) Activities that may be funded beyond acquisition, preconstruction design, and construction, including the cost to agencies to operate the program;

(g) The project priority setting process and relative priority for funding projects for systems that serve few residential customers;

(h) Requiring installation of service meters in funded projects;

(i) Eligibility for grants of municipalities that have not owned and operated a group A water system for at least five years;

(j) Allowing an eligible purveyor that has already acquired a failing water system to be eligible for grants to cover any outstanding costs of the rehabilitation of the failing water system;

(k) Tiering of project priorities to provide the highest priority to assisting systems with a high public health risk; and

(l) Consideration of the system's rate base and the ability of the households on the system to afford rate increases to fund a portion of the necessary system rehabilitation.

(4) The report shall include a survey of estimated water system acquisition and rehabilitation program funding needs, based on existing informal survey information from local governments, the utilities and transportation commission, and purveyors.

(5) The report shall be provided to the fiscal and water policy committees of the senate and house of representatives not later than January 1, 2009.

Passed by the Senate February 18, 2008.

Passed by the House March 7, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 215

[Second Substitute Senate Bill 6483]

LOCAL FOOD PRODUCTION

AN ACT Relating to local food production; amending RCW 43.19.1906; reenacting and amending RCW 43.19.1905 and 28A.335.190; adding a new section to chapter 15.64 RCW; adding a

new section to chapter 28A.235 RCW; adding a new section to chapter 28A.320 RCW; adding a new section to chapter 43.70 RCW; creating new sections; repealing RCW 43.19.706; and providing expiration dates.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. FINDINGS AND INTENT. (1) The legislature recognizes that the benefits of local food production include stewardship of working agricultural lands; direct and indirect jobs in agricultural production, food processing, tourism, and support industries; energy conservation and greenhouse gas reductions; and increased food security through access to locally grown foods.

(2) The legislature finds there is a direct correlation between adequate nutrition and a child's development and school performance. Children who are hungry or malnourished are at risk of lower achievement in school.

(3) The legislature further finds that adequate nutrition is also necessary for the physical health of adults, and that some communities have limited access to healthy fruits and vegetables and quality meat and dairy products, a lack of which may lead to high rates of diet-related diseases.

(4) The legislature believes that expanding market opportunities for Washington farmers will preserve and strengthen local food production and increase the already significant contribution that agriculture makes to the state and local economies.

(5) The legislature finds that the state's existing procurement requirements and practices may inhibit the purchase of locally produced food.

(6) The legislature intends that the local farms-healthy kids act strengthen the connections between the state's agricultural industry and the state's food procurement procedures in order to expand local agricultural markets, improve the nutrition of children and other at-risk consumers, and have a positive impact on the environment.

NEW SECTION. Sec. 2. A new section is added to chapter 15.64 RCW to read as follows:

FARM-TO-SCHOOL PROGRAM. (1) A farm-to-school program is created within the department to facilitate increased procurement of Washington grown food by schools.

(2) The department, in consultation with the department of health, the office of the superintendent of public instruction, the department of general administration, and Washington State University, shall, in order of priority:

(a) Identify and develop policies and procedures to implement and evaluate the farm-to-school program, including coordinating with school procurement officials, buying cooperatives, and other appropriate organizations to develop uniform procurement procedures and materials, and practical recommendations to facilitate the purchase of Washington grown food by the common schools. These policies, procedures, and recommendations shall be made available to school districts to adopt at their discretion;

(b) Assist food producers, distributors, and food brokers to market Washington grown food to schools by informing them of food procurement opportunities, bid procedures, school purchasing criteria, and other requirements;

(c) Assist schools in connecting with local producers by informing them of the sources and availability of Washington grown food as well as the nutritional, environmental, and economic benefits of purchasing Washington grown food;

(d) Identify and recommend mechanisms that will increase the predictability of sales for producers and the adequacy of supply for purchasers;

(e) Identify and make available existing curricula, programs and publications that educate students on the nutritional, environmental, and economic benefits of preparing and consuming locally grown food;

(f) Support efforts to advance other farm-to-school connections such as school gardens or farms and farm visits; and

(g) As resources allow, seek additional funds to leverage state expenditures.

(3) The department in cooperation with the office of the superintendent of public instruction shall collect data on the activities conducted pursuant to this act and communicate such data biennially to the appropriate committees of the legislature beginning November 15, 2009. Data collected may include the numbers of schools and farms participating and any increases in the procurement of Washington grown food by the common schools.

(4) As used in this section, RCW 43.19.1905, 43.19.1906, 28A.335.190, and section 3 of this act, "Washington grown" means grown and packed or processed in Washington.

NEW SECTION. Sec. 3. A new section is added to chapter 28A.235 RCW to read as follows:

WASHINGTON GROWN FRESH FRUIT AND VEGETABLE GRANTS.

(1) The Washington grown fresh fruit and vegetable grant program is created in the office of the superintendent of public instruction. The purpose of the program is to facilitate consumption of Washington grown nutritious snacks in order to improve student health and expand the market for locally grown fresh produce.

(2) For purposes of this section, "fresh fruit and vegetables" includes perishable produce that is unprocessed, minimally processed, frozen, dried, or otherwise prepared, stored, and handled to maintain its fresh nature while providing convenience to the user. Producing minimally processed food involves cleaning, washing, cutting, or portioning.

(3) The program shall increase the number of school children with access to Washington grown fresh fruits and vegetables and shall be modeled after the United States department of agriculture fresh fruit and vegetable program, as described in 42 U.S.C. Sec. 1769(g). Schools receiving funds under the federal program are not eligible for grants under the Washington grown fresh fruit and vegetable grant program.

(4)(a) To the extent that state funds are appropriated specifically for this purpose, the office of the superintendent of public instruction shall solicit applications, conduct a competitive process, and make one or two-year grants to a mix of urban and rural schools to enable eligible schools to provide free Washington grown fresh fruits and vegetables throughout the school day.

(b) When evaluating applications and selecting grantees, the superintendent of public instruction shall consider and prioritize the following factors:

(i) The applicant's plan for ensuring the use of Washington grown fruits and vegetables within the program;

(ii) The applicant's plan for incorporating nutrition, agricultural stewardship education, and environmental education into the snack program;

(iii) The applicant's plan for establishing partnerships with state, local, and private entities to further the program's objectives, such as helping the school acquire, handle, store, and distribute Washington grown fresh fruits and vegetables.

(5)(a) The office of the superintendent of public instruction shall give funding priority to applicant schools with any of grades kindergarten through eight that: Participate in the national school lunch program and have fifty percent or more of their students eligible for free or reduced price meals under the federal national school lunch act, 42 U.S.C. Sec. 1751 et seq.

(b) If any funds remain after all eligible priority applicant schools have been awarded grants, the office of the superintendent of public instruction may award grants to applicant schools having less than fifty percent of the students eligible for free or reduced price meals.

(6) The office of the superintendent of public instruction may adopt rules to carry out the grant program.

(7) With assistance from the Washington department of agriculture, the office of the superintendent of public instruction shall develop and track specific, quantifiable outcome measures of the grant program such as the number of students served by the program, the dollar value of purchases of Washington grown fruits and vegetables resulting from the program, and development of state, local, and private partnerships that extend beyond the cafeteria.

(8) As used in this section, "Washington grown" has the definition in section 2 of this act.

Sec. 4. RCW 43.19.1905 and 2002 c 299 s 5 and 2002 c 285 s 1 are each reenacted and amended to read as follows:

(1) The director of general administration shall establish overall state policy for compliance by all state agencies, including educational institutions, regarding the following purchasing and material control functions:

~~((1))~~ (a) Development of a state commodity coding system, including common stock numbers for items maintained in stores for reissue;

~~((2))~~ (b) Determination where consolidations, closures, or additions of stores operated by state agencies and educational institutions should be initiated;

~~((3))~~ (c) Institution of standard criteria for determination of when and where an item in the state supply system should be stocked;

~~((4))~~ (d) Establishment of stock levels to be maintained in state stores, and formulation of standards for replenishment of stock;

~~((5))~~ (e) Formulation of an overall distribution and redistribution system for stock items which establishes sources of supply support for all agencies, including interagency supply support;

~~((6))~~ (f) Determination of what function data processing equipment, including remote terminals, shall perform in statewide purchasing and material control for improvement of service and promotion of economy;

~~((7))~~ (g) Standardization of records and forms used statewide for supply system activities involving purchasing, receiving, inspecting, storing, requisitioning, and issuing functions, including a standard notification form for state agencies to report cost-effective direct purchases, which shall at least

identify the price of the goods as available through the division of purchasing, the price of the goods as available from the alternative source, the total savings, and the signature of the notifying agency's director or the director's designee;

~~((8))~~ (h) Screening of supplies, material, and equipment excess to the requirements of one agency for overall state need before sale as surplus;

~~((9))~~ (i) Establishment of warehouse operation and storage standards to achieve uniform, effective, and economical stores operations;

~~((10))~~ (j) Establishment of time limit standards for the issuing of material in store and for processing requisitions requiring purchase;

~~((11))~~ (k) Formulation of criteria for determining when centralized rather than decentralized purchasing shall be used to obtain maximum benefit of volume buying of identical or similar items, including procurement from federal supply sources;

~~((12))~~ (l) Development of criteria for use of leased, rather than state owned, warehouse space based on relative cost and accessibility;

~~((13))~~ (m) Institution of standard criteria for purchase and placement of state furnished materials, carpeting, furniture, fixtures, and nonfixed equipment, in newly constructed or renovated state buildings;

~~((14))~~ (n) Determination of how transportation costs incurred by the state for materials, supplies, services, and equipment can be reduced by improved freight and traffic coordination and control;

~~((15))~~ (o) Establishment of a formal certification program for state employees who are authorized to perform purchasing functions as agents for the state under the provisions of chapter 43.19 RCW;

~~((16))~~ (p) Development of performance measures for the reduction of total overall expense for material, supplies, equipment, and services used each biennium by the state;

~~((17))~~ (q) Establishment of a standard system for all state organizations to record and report dollar savings and cost avoidance which are attributable to the establishment and implementation of improved purchasing and material control procedures;

~~((18))~~ (r) Development of procedures for mutual and voluntary cooperation between state agencies, including educational institutions, and political subdivisions for exchange of purchasing and material control services;

~~((19))~~ (s) Resolution of all other purchasing and material matters which require the establishment of overall statewide policy for effective and economical supply management;

~~((20))~~ (t) Development of guidelines and criteria for the purchase of vehicles, high gas mileage vehicles, alternate vehicle fuels and systems, equipment, and materials that reduce overall energy-related costs and energy use by the state, including investigations into all opportunities to aggregate the purchasing of clean technologies by state and local governments, and including the requirement that new passenger vehicles purchased by the state meet the minimum standards for passenger automobile fuel economy established by the United States secretary of transportation pursuant to the energy policy and conservation act (15 U.S.C. Sec. 2002);

~~((21))~~ (u) Development of goals for state use of recycled or environmentally preferable products through specifications for products and

services, processes for requests for proposals and requests for qualifications, contractor selection, and contract negotiations;

(v) Development of food procurement procedures and materials that encourage and facilitate the purchase of Washington grown food by state agencies and institutions to the maximum extent practicable and consistent with international trade agreement commitments; and

(w) Development of policies requiring all food contracts to include a plan to maximize to the extent practicable and consistent with international trade agreement commitments the availability of Washington grown food purchased through the contract.

(2) As used in this section, "Washington grown" has the definition in section 2 of this act.

Sec. 5. RCW 43.19.1906 and 2006 c 363 s 1 are each amended to read as follows:

Insofar as practicable, all purchases and sales shall be based on competitive bids, and a formal sealed, electronic, or web-based bid procedure, subject to RCW 43.19.1911, shall be used as standard procedure for all purchases and contracts for purchases and sales executed by the state purchasing and material control director and under the powers granted by RCW 43.19.190 through 43.19.1939. This requirement also applies to purchases and contracts for purchases and sales executed by agencies, including educational institutions, under delegated authority granted in accordance with provisions of RCW 43.19.190 or under RCW 28B.10.029. However, formal sealed, electronic, or web-based competitive bidding is not necessary for:

(1) Emergency purchases made pursuant to RCW 43.19.200 if the sealed bidding procedure would prevent or hinder the emergency from being met appropriately;

(2) Purchases not exceeding thirty-five thousand dollars, or subsequent limits as calculated by the office of financial management: PROVIDED, That the state director of general administration shall establish procedures to assure that purchases made by or on behalf of the various state agencies shall not be made so as to avoid the thirty-five thousand dollar bid limitation, or subsequent bid limitations as calculated by the office of financial management: PROVIDED FURTHER, That the state purchasing and material control director is authorized to reduce the formal sealed bid limits of thirty-five thousand dollars, or subsequent limits as calculated by the office of financial management, to a lower dollar amount for purchases by individual state agencies if considered necessary to maintain full disclosure of competitive procurement or otherwise to achieve overall state efficiency and economy in purchasing and material control. Quotations from three thousand dollars to thirty-five thousand dollars, or subsequent limits as calculated by the office of financial management, shall be secured from at least three vendors to assure establishment of a competitive price and may be obtained by telephone or written quotations, or both. The agency shall invite at least one quotation each from a certified minority and a certified women-owned vendor who shall otherwise qualify to perform such work. Immediately after the award is made, the bid quotations obtained shall be recorded and open to public inspection and shall be available by telephone inquiry. A record of competition for all such purchases from three thousand dollars to thirty-five thousand dollars, or subsequent limits as calculated by the

office of financial management, shall be documented for audit purposes. Purchases up to three thousand dollars may be made without competitive bids based on buyer experience and knowledge of the market in achieving maximum quality at minimum cost;

(3) Purchases which are clearly and legitimately limited to a single source of supply and purchases involving special facilities, services, or market conditions, in which instances the purchase price may be best established by direct negotiation;

(4) Purchases of insurance and bonds by the risk management division under RCW 43.41.310;

(5) Purchases and contracts for vocational rehabilitation clients of the department of social and health services: PROVIDED, That this exemption is effective only when the state purchasing and material control director, after consultation with the director of the division of vocational rehabilitation and appropriate department of social and health services procurement personnel, declares that such purchases may be best executed through direct negotiation with one or more suppliers in order to expeditiously meet the special needs of the state's vocational rehabilitation clients;

(6) Purchases by universities for hospital operation or biomedical teaching or research purposes and by the state purchasing and material control director, as the agent for state hospitals as defined in RCW 72.23.010, and for health care programs provided in state correctional institutions as defined in RCW 72.65.010(3) and veterans' institutions as defined in RCW 72.36.010 and 72.36.070, made by participating in contracts for materials, supplies, and equipment entered into by nonprofit cooperative hospital group purchasing organizations;

(7) Purchases for resale by institutions of higher education to other than public agencies when such purchases are for the express purpose of supporting instructional programs and may best be executed through direct negotiation with one or more suppliers in order to meet the special needs of the institution;

(8) Purchases by institutions of higher education not exceeding thirty-five thousand dollars: PROVIDED, That for purchases between three thousand dollars and thirty-five thousand dollars quotations shall be secured from at least three vendors to assure establishment of a competitive price and may be obtained by telephone or written quotations, or both. For purchases between three thousand dollars and thirty-five thousand dollars, each institution of higher education shall invite at least one quotation each from a certified minority and a certified women-owned vendor who shall otherwise qualify to perform such work. A record of competition for all such purchases made from three thousand to thirty-five thousand dollars shall be documented for audit purposes; (~~and~~)

(9) Off-contract purchases of Washington grown food when such food is not available from Washington sources through an existing contract. However, Washington grown food purchased under this subsection must be of an equivalent or better quality than similar food available through the contract and be able to be paid from the agency's existing budget. This requirement also applies to purchases and contracts for purchases executed by state agencies, including institutions of higher education, under delegated authority granted in accordance with RCW 43.19.190 or under RCW 28B.10.029; and

(10) Negotiation of a contract by the department of transportation, valid until June 30, 2001, with registered tow truck operators to provide roving service patrols in one or more Washington state patrol tow zones whereby those registered tow truck operators wishing to participate would cooperatively, with the department of transportation, develop a demonstration project upon terms and conditions negotiated by the parties.

Beginning on July 1, 1995, and on July 1st of each succeeding odd-numbered year, the dollar limits specified in this section shall be adjusted as follows: The office of financial management shall calculate such limits by adjusting the previous biennium's limits by the appropriate federal inflationary index reflecting the rate of inflation for the previous biennium. Such amounts shall be rounded to the nearest one hundred dollars. However, the three thousand dollar figure in subsections (2) and (8) of this section may not be adjusted to exceed five thousand dollars.

As used in this section, "Washington grown" has the definition in section 2 of this act.

Sec. 6. RCW 28A.335.190 and 2005 c 346 s 2 and 2005 c 286 s 1 are each reenacted and amended to read as follows:

(1) When, in the opinion of the board of directors of any school district, the cost of any furniture, supplies, equipment, building, improvements, or repairs, or other work or purchases, except books, will equal or exceed the sum of fifty thousand dollars, complete plans and specifications for such work or purchases shall be prepared and notice by publication given in at least one newspaper of general circulation within the district, once each week for two consecutive weeks, of the intention to receive bids and that specifications and other information may be examined at the office of the board or any other officially designated location: PROVIDED, That the board without giving such notice may make improvements or repairs to the property of the district through the shop and repair department of such district when the total of such improvements or repair does not exceed the sum of forty thousand dollars. The cost of any public work, improvement or repair for the purposes of this section shall be the aggregate of all amounts to be paid for labor, material, and equipment on one continuous or interrelated project where work is to be performed simultaneously or in close sequence. The bids shall be in writing and shall be opened and read in public on the date and in the place named in the notice and after being opened shall be filed for public inspection.

(2) Every purchase of furniture, equipment or supplies, except books, the cost of which is estimated to be in excess of forty thousand dollars, shall be on a competitive basis. The board of directors shall establish a procedure for securing telephone and/or written quotations for such purchases. Whenever the estimated cost is from forty thousand dollars up to seventy-five thousand dollars, the procedure shall require quotations from at least three different sources to be obtained in writing or by telephone, and recorded for public perusal. Whenever the estimated cost is in excess of seventy-five thousand dollars, the public bidding process provided in subsection (1) of this section shall be followed.

(3) Any school district may purchase goods produced or provided in whole or in part from class II inmate work programs operated by the department of corrections pursuant to RCW 72.09.100, including but not limited to furniture, equipment, or supplies. School districts are encouraged to set as a target to

contract, beginning after June 30, 2006, to purchase up to one percent of the total goods required by the school districts each year, goods produced or provided in whole or in part from class II inmate work programs operated by the department of corrections.

(4) Every building, improvement, repair or other public works project, the cost of which is estimated to be in excess of forty thousand dollars, shall be on a competitive bid process. Whenever the estimated cost of a public works project is one hundred thousand dollars or more, the public bidding process provided in subsection (1) of this section shall be followed unless the contract is let using the small works roster process in RCW 39.04.155 or under any other procedure authorized for school districts. One or more school districts may authorize an educational service district to establish and operate a small works roster for the school district under the provisions of RCW 39.04.155.

(5) The contract for the work or purchase shall be awarded to the lowest responsible bidder as defined in RCW 43.19.1911 but the board may by resolution reject any and all bids and make further calls for bids in the same manner as the original call. On any work or purchase the board shall provide bidding information to any qualified bidder or the bidder's agent, requesting it in person.

(6) In the event of any emergency when the public interest or property of the district would suffer material injury or damage by delay, upon resolution of the board declaring the existence of such an emergency and reciting the facts constituting the same, the board may waive the requirements of this section with reference to any purchase or contract: PROVIDED, That an "emergency", for the purposes of this section, means a condition likely to result in immediate physical injury to persons or to property of the school district in the absence of prompt remedial action.

(7) This section does not apply to the direct purchase of school buses by school districts and educational services in accordance with RCW 28A.160.195.

(8) This section does not apply to the purchase of Washington grown food.

(9) At the discretion of the board, a school district may develop and implement policies and procedures to facilitate and maximize to the extent practicable, purchases of Washington grown food including, but not limited to, policies that permit a percentage price preference for the purpose of procuring Washington grown food.

(10) As used in this section, "Washington grown" has the definition in section 2 of this act.

(11) As used in this section, "price percentage preference" means the percent by which a responsive bid from a responsible bidder whose product is a Washington grown food may exceed the lowest responsive bid submitted by a responsible bidder whose product is not a Washington grown food.

NEW SECTION. Sec. 7. A new section is added to chapter 28A.320 RCW to read as follows:

(1) School districts may operate school gardens or farms, as appropriate, for the purpose of growing fruits and vegetables to be used for educational purposes and, where appropriate, to be offered to students through the district nutrition services meal and snack programs. All such foods used in the district's meal and snack programs shall meet appropriate safety standards.

(2) If a school operates a school garden or farm, students representing various student organizations, including but not limited to vocational programs such as the FFA and 4-H, shall be given the opportunity to be involved in the operation of a school garden or farm.

(3) When school gardens or farms are used to educate students about agricultural practices, students shall be afforded the opportunity to learn about both organic and conventional growing methods.

NEW SECTION. Sec. 8. A new section is added to chapter 43.70 RCW to read as follows:

(1) The department shall adopt rules authorizing retail operation farms stores, owned and operated by a farmer and colocated with a site of agricultural production, to participate in the women, infant, and children farmers market nutrition program to provide locally grown, nutritious, unprepared fruits and vegetables to eligible program participants.

(2) Such rules must meet the provisions of 7 C.F.R. part 3016, uniform administrative requirements for grants and cooperative agreements to state and local governments, as it existed on the effective date of this section, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section.

NEW SECTION. Sec. 9. FARMERS MARKET TECHNOLOGY IMPROVEMENT PILOT PROGRAM. (1) If funds are provided for this specific purpose, the Washington state farmers market technology improvement pilot program is created in the department of social and health services to assist farmers markets develop the capability to accept wireless electronic payment cards, including electronic benefits transfers. The purpose of this program is to increase access to fresh fruits and vegetables and quality meat and dairy for all Washington residents and to increase the number of food stamp recipients using food stamp benefits through electronic benefits transfer at farmers markets.

(2) The department shall work with farmers markets and appropriate associations to ensure that the program serves a balance of rural and urban farmers markets.

(3) The department shall submit data on the electronic benefits transfer activities conducted pursuant to this section to the appropriate committees of the legislature each biennium beginning on November 15, 2009. Data collected may include information illustrating the demand for the technology and numbers of people using the technology for electronic benefits transfer.

(4) This section expires July 1, 2010.

NEW SECTION. Sec. 10. FARMERS TO FOOD BANKS PILOT PROGRAM. (1) If funds are provided for this specific purpose, the farmers to food banks pilot program is created. In implementing this program, the department of community, trade, and economic development shall conduct a request for proposals to select pilot site communities statewide. Any nonprofit entity qualified under section 501(c)(3) of the internal revenue code that is in the business of delivering social services may submit a proposal. No more than five pilot communities shall be selected based on the following:

(a) One pilot shall be designated in an urban area that has been negatively impacted by a mass transit infrastructure program, is ethnically diverse, and is located in a city with over five hundred thousand residents;

(b) At least one pilot must be located east of the crest of the Cascades; and
 (c) At least one pilot must be in a rural county as defined in RCW 43.160.020.

(2) Funds shall be used in pilot communities for the food bank system to contract with local farmers to provide fruits, vegetables, dairy, and meat products for distribution to low-income people at local designated food banks.

(3) The department shall collect data on the activities conducted pursuant to this section and communicate biennially to the appropriate committees of the legislature beginning November 15, 2009. Data collected may include information illustrating the demand and numbers of people served.

(4) This section expires July 1, 2010.

NEW SECTION. Sec. 11. RCW 43.19.706 (Purchase of Washington agricultural products—Report to the legislature) and 2002 c 166 s 2 are each repealed.

NEW SECTION. Sec. 12. This act may be known and cited as the local farms-healthy kids act.

NEW SECTION. Sec. 13. Captions used in this act are not any part of the law.

NEW SECTION. Sec. 14. If any part of this act is found to be in conflict with federal requirements that are a prescribed condition to the allocation of federal funds to the state, the conflicting part of this act is inoperative solely to the extent of the conflict and with respect to the agencies directly affected, and this finding does not affect the operation of the remainder of this act in its application to the agencies concerned. Rules adopted under this act must meet federal requirements that are a necessary condition to the receipt of federal funds by the state.

NEW SECTION. Sec. 15. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2008, in the omnibus appropriations act, this act is null and void.

Passed by the Senate March 11, 2008.

Passed by the House March 4, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

CHAPTER 216

[Engrossed Substitute Senate Bill 6560]

PUBLIC UTILITY DISTRICTS—CONTRACTS

AN ACT Relating to public utility district contracts; amending RCW 54.04.070 and 54.04.082; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds that public utility districts provide customer-owned, nonprofit utility services throughout Washington state. The legislature further finds that statutory bid limits for public utility districts have not been increased to address inflation and dramatic cost increases in construction materials. The legislature further finds that existing bid limits and high construction material costs often preclude public utility districts from

maintaining and repairing their utility infrastructure, providing training and experience to utility workers, and accommodating high contract administrative costs. The legislature further finds that existing bid limits result in increased costs to both public utility districts and utility customers. Therefore, it is the intent of the legislature to amend the bid limits for public utility districts to address inflation and increased material costs.

Sec. 2. RCW 54.04.070 and 2002 c 72 s 2 are each amended to read as follows:

(1) Any item, or items of the same kind of materials, equipment, or supplies purchased, the estimated cost of which is in excess of ~~((ten))~~ fifteen thousand dollars, exclusive of sales tax, shall be by contract ~~((: PROVIDED, That))~~. However, a district may make purchases of the same kind of items of materials, equipment, and supplies not exceeding ~~((five))~~ seven thousand five hundred dollars in any calendar month without a contract, purchasing any excess thereof over ~~((five))~~ seven thousand five hundred dollars by contract.

(2) Any work ordered by a district commission, the estimated cost of which is in excess of ~~((ten))~~ twenty-five thousand dollars, exclusive of sales tax, shall be by contract ~~((: except that))~~. However, a district commission may have its own regularly employed personnel perform work which is an accepted industry practice under prudent utility management without a contract. For purposes of this section, "prudent utility management" means performing work with regularly employed personnel utilizing material of a worth not exceeding one hundred fifty thousand dollars in value without a contract ~~((: PROVIDED, That such))~~. This limit on the value of material being utilized in work being performed by regularly employed personnel shall not include the value of individual items of equipment purchased or acquired and used as one unit of a project.

(3) Before awarding ~~((such))~~ a contract required under subsection (1) or (2) of this section, the commission shall publish a notice once or more in a newspaper of general circulation in the district at least thirteen days before the last date upon which bids will be received, inviting sealed proposals for the work or materials ~~((:))~~. Plans and specifications ~~((of which))~~ for the work or materials shall at the time of ~~((the))~~ publication be on file at the office of the district and subject to public inspection. Any published notice ordering work to be performed for the district shall be mailed at the time of publication to any established trade association which files a written request with the district to receive such notices. The commission may, at the same time and as part of the same notice, invite tenders for the work or materials upon plans and specifications to be submitted by the bidders.

~~((All contract projects equal to or in excess of one hundred thousand dollars shall be let by))~~ (4) As an alternative to the competitive bidding ~~((unless the public utility))~~ requirements of this section and RCW 54.04.080, a district may let ~~((s))~~ contracts using the small works roster process under RCW 39.04.155.

(5) Whenever equipment or materials required by a district are held by a governmental agency and are available for sale but such agency is unwilling to submit a proposal, the commission may ascertain the price of such items and file a statement of such price supported by the sworn affidavit of one member of the commission, and may consider such price as a bid without a deposit or bond.

(6) Pursuant to RCW 39.04.280, the commission may waive the competitive bidding requirements of this section ((pursuant to RCW 39.04.280)) and RCW 54.04.080 if an exemption contained within ((that section)) RCW 39.04.280 applies to the purchase or public work.

Sec. 3. RCW 54.04.082 and 2002 c 72 s 1 are each amended to read as follows:

For the awarding of a contract to purchase any item, or items of the same kind of materials, equipment, or supplies in an amount exceeding ~~((ten))~~ fifteen thousand dollars per calendar month, but less than ~~((fifty))~~ sixty thousand dollars per calendar month, exclusive of sales tax, the commission may, in lieu of the procedure described in RCW 54.04.070 and 54.04.080 requiring public notice to invite sealed proposals for such materials, equipment, or supplies, pursuant to commission resolution use the process provided in RCW 39.04.190. Waiver of the deposit or bid bond required under RCW 54.04.080 may be authorized by the commission in securing such bid quotations.

Passed by the Senate March 10, 2008.

Passed by the House March 5, 2008.

Approved by the Governor March 27, 2008.

Filed in Office of Secretary of State March 28, 2008.

AUTHENTICATION

I, K. Kyle Thiessen, Code Reviser of the State of Washington, certify that, with the exception of such corrections as I have made in accordance with the powers vested in me by RCW 44.20.060, the laws published in this volume are a true and correct reproduction of the copies of the enrolled laws of the 2007 special session, chapters 1 and 2, and the 2008 regular session (60th Legislature), chapters 1 through 216, respectively, as certified and transmitted to the Statute Law Committee by the Secretary of State under RCW 44.20.020.

IN TESTIMONY WHEREOF, I have hereunto set my hand at Olympia, Washington, this 22nd day of April, 2008.



K. KYLE THIESSEN
Code Reviser

